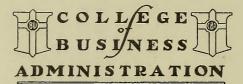
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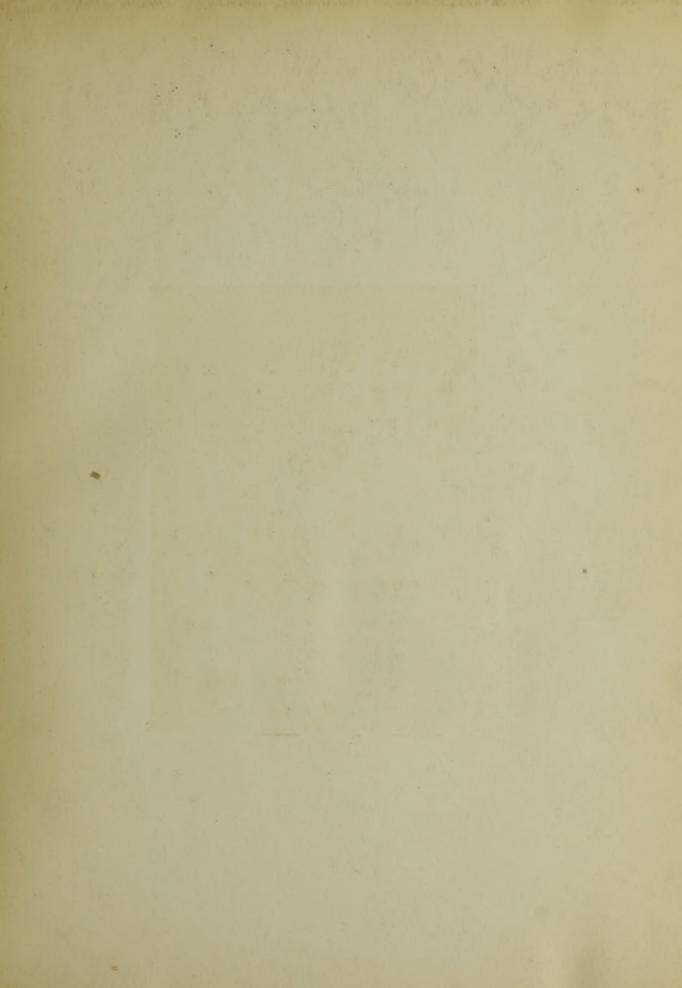
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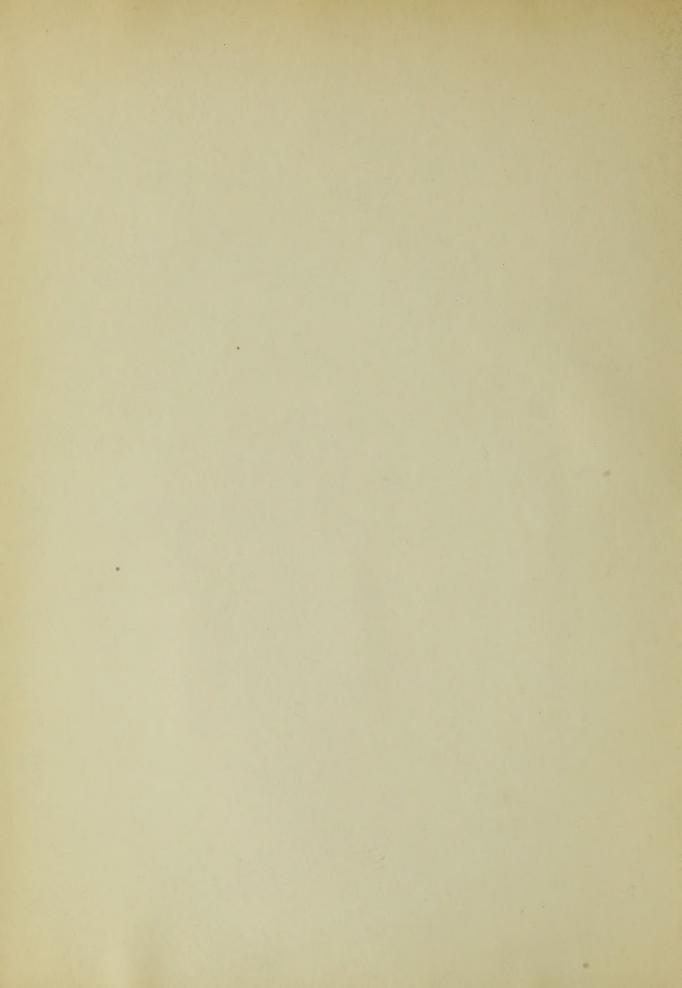
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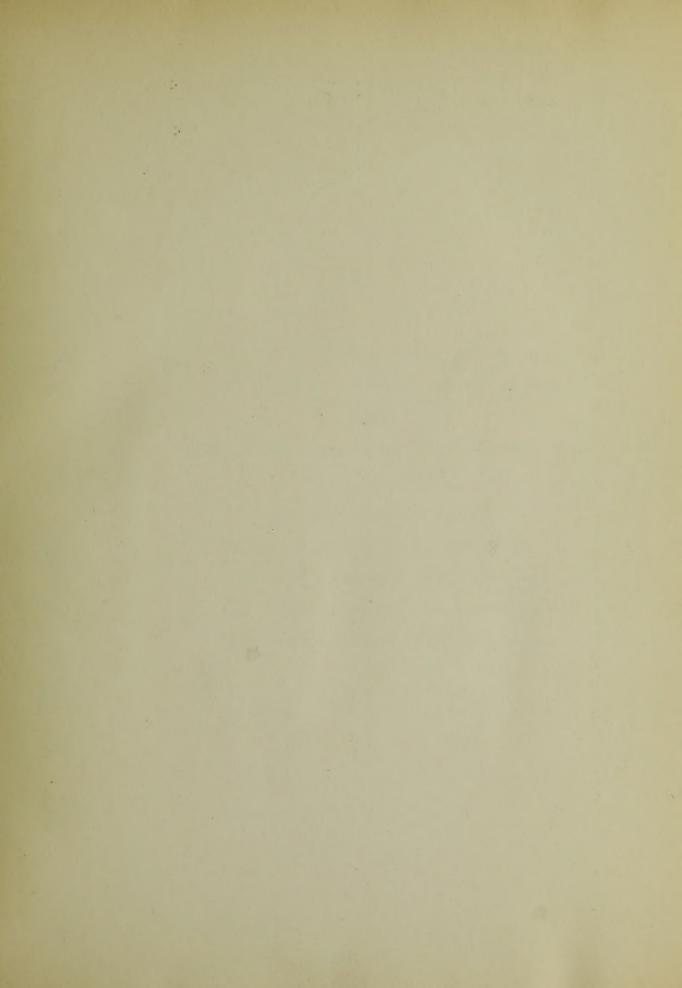


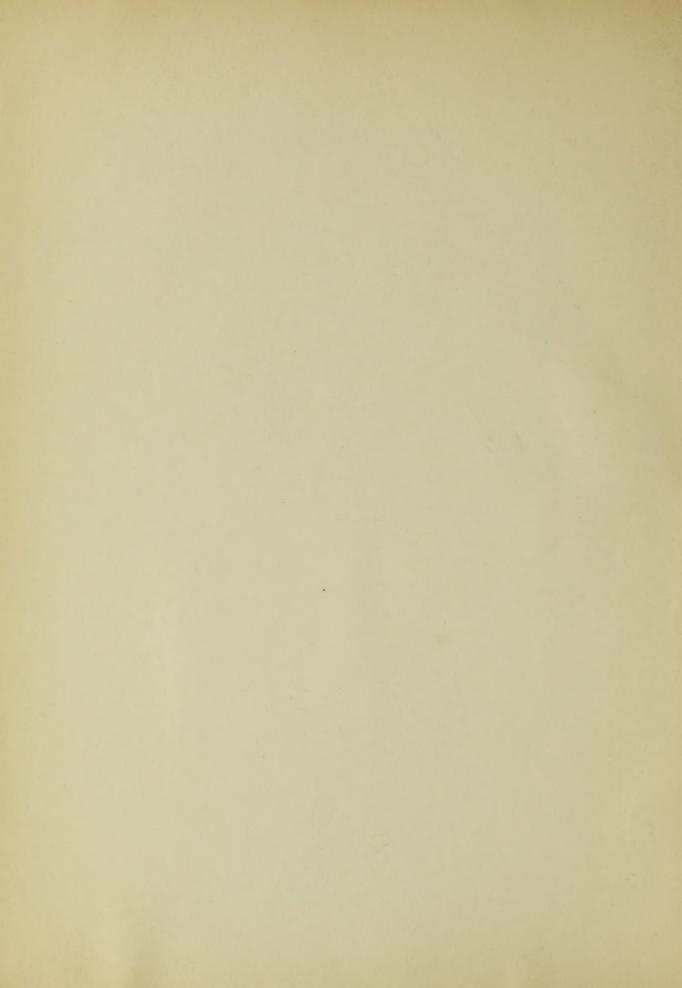


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BOSTON UNIVERSITY

College of Business Administration

THESIS

Present Economic Problems of Puerto Rico

by

Salvador Angel González

(B.S. Holy Cross College 1932)

submitted in partial fulfillment of
the requirement for the degree of
Master of Business Administration
1934



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CONCLUSION

PART I

INTRODUCTION

A study of the present economic problems of Puerto Rico should be a matter of great interest to every good American. Not only is the Island a part of the United States, but it can be turned into a profitable field of endeavor affording a brilliant future to those really willing to work. The Island is in itself beautiful, and the climate comfortable. Generally speaking, the Island is an ideal abode for the lovers of beauty, the ambitious, and the tired business man who wants to spend a warm and pleasant winter.

In this thesis I will endeavor to present facts as they appear to the best of my knowledge. No partisanship will be allowed. Data will be presented with no consideration as to which party it may favor or displease. It has been the lack of this attitude that has done harm to a great number of studies made of the conditions of the Island. If the survey is done by an American, he will usually favor the American side, and will blame all present tromble in the Island on the negligence of Puerto Ricans. Should the study be made by a Puerto Rican, the opposite stand is almost invariably taken. This does not mean, however, that all authors who have chosen Puerto Rico for their field of study have been prejudiced. The laudable work done by Victor S. Clark and Associates is a good example of a truly scholarly investigation.

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Fully realizing that statistics are a more reliable source of information than statements, I will use their testimony in preference to the written opinions of authors. I will only rely on the opinions of authors when unable to obtain accurate data on the matter.

Few Americans realize the importance of Puerto Rico as a market for their products. From a social viewpoint also, few Americans realice that Puerto Ricans are American citizens, and should be treated as such by their fellowmen. If Puerto Ricans abandoned in part their individualistic attitude, they could do much to raise their incomes and their standards of living. Who but they themselves should be more concerned with this? Relations between the Island and the mainland need to be more friendly. Let the problem of the one be the problem of the other. The visit that the President of the United States, Franklin D. Roosevelt, has planned to the Island will be a fine step in that direction. It is to be hoped that he will not close his eyes to those conditions that need to be straightened out, and will not follow the precedent set by President Hoover. His predecessors led him to believe that everything was in order on the Island, when it was easy to realize that conditions were far from rosy.

For a better understanding of this thesis, geographical and historical data about Puerto Rico will be given in the following chapter.

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PUERTO RICO

Puerto Rico is the fourth largest island of the greater Antilles, and one of the most beautiful. The Atlantic Ocean is on the north and the Caribbean Sea on the south. (1) It is 1000 miles east by south of Key West. Santo Domingo is about 45 miles to the west, and Saint Thomas 40 miles to the east. Its area is 3,435 square miles. The islands of Culebra and Vieques, to the east, form part of the territory. The Island is nearly rectangular, about 100 miles long, and 35 miles wide, with a coast line of about 345 miles. (2) Its area is about three-fourth's that of Connecticut, and nearly three times as great as that of Rhode Island, the smallest state in the Union. San Juan is its capital with a population according to the census of 1930 of 114,585. The capital is believed to have a population of over 125,000 at present. Other cities of importance are Ponce, Arecibo, and Mayagüez.

The best harbors are at San Juan, Ponce, Guánica and Mayagüez. The pier very recently completed at Mayagüez is a fine achivement, and is proving to be of great benefit to the trade of the western part of the Island. Through the middle of the Island runs a range of mountains from east to west, with an altitude of from 1,500 to 3,750 feet, which

⁽¹⁾ American Educator, P. 2911

⁽²⁾ Clark and Associates, Porto Rico & Its Problems. P. 1

PUBLIC RICO

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may be cultivated to the very summits. (3) The highest peaks of the central range of mountains are El Yunque, 3,543 feet and Pico de Jayuya, 4,398 feet in altitude. (4)

The land slopes to the north and south with the north being well watered, and the south needing irrigation. The rivers, though small and unnavigable, are very important as a water supply. Their rapid waters are said to hide small amounts of gold dust, but in such insignificant quantities that not even the high price now offered for gold due to President Roosevelt's gold buying policy is enough to encourage one to look for it. The important rivers on the north coast are the Bayamón, the Loiza, La Plata, Manatí, and Tanamá rivers. On the south is the Guayanés, and on the west the Blanco. The soil is very fertile and practically all under cultivation. Sugar, fruits, tobacco, and coffee are the leading crops in quantity and value.

The flora and fauna of Puerto Rico have changed much since its discovery, but they do not differ greatly from those in other islands in the tropics. It is interesting to notice that no dangerous animals exist there, unless brought by a circus. Rainfall comes in short, sharp showers, which aggregate much water. Due to the impervious character of the soil, these showers cause the mountains' streams to rise

⁽³⁾ Ibid P. 2.

⁽⁴⁾ Thirty-third Annual Report of the Governor of Puerto Rico, 1933, P. 116.

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⁽³⁾ Ibid P. S.

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very suddenly after a heavy rainfall, and turn streams into rivers which endanger the life of people and animals, and cause the destruction of property. Hurricanes are the greatest destroyers of property and life. San Ciprián, famous hurricane, was the latest to rip its way through the Island. (5) They may come as often as several in a year, or wait a quarter of a century without touching the Island. The crop damage done is the greatest loss, especially in those crops where it takes several years to plant and have plants bear fruits. Earthquakes are not so frequent, and are decidedly less destructive than hurricanes.

HISTORY OF PUERTO RICO

Puerto Rico was discovered by Columbus on his second voyage to America on November 19, 1493. He named the Island after San Juan Bautista. (6) Ponce de León conquered it for Spain in 1509-11, enslaved the natives, and within the next few decades almost all of them had died under his rigorous rule, Negrous were then brought in to work in the fields. The Island was attacked on various occasions by the Dutch, English and Americans. Puerto Rico also made several minor attempts at revolt, deserving special mention

⁽⁵⁾ Thirty-third Annual Report of the Governor of Puerto Rico, 1933, P. 1.

⁽⁶⁾ American Educator P. 2911.

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⁽⁵⁾ Thirty-third Annual Report of the Governor of fuerto Hico, 1933, P. 1.

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that of 1867 when the well known cry, "El grito de Ciales" was heard. Later it was made a province of Spain and allowed representation in the national parliament, but this representation was to be short lived. After eleven years it was ended.

During the Spanish American War, Puerto Rico was attacked and partially conquered by Major-General Miles.

Laterr, as a result of the Treaty of Paris it was ceded to the United States on December 110, 1898.

By the Act of 1917, Puerto Ricans were given full rights as citizens of the United States, but citizenship was not made obligatory.

The Governor is appointed by the President of the United States for a term of four years. At present the Governor is General (retired) Blanton Winship, of Macon, Georgia. There are departments of justice, finance, interior, education, agriculture, labor and health. The heads of these departments constitute the governor's council. The attorney-general and commissioner of education are appointed by the President. The heads of the other departments by the governor, with the advice and consent of the senate of Puerto Rico. The Legislature is composed of a Senate of 19 members, and a House of Representatives of 39, and these are elected for four years by direct vote of the people. The Justices of the Supreme Court are appointed by the President of the United States, by and with the advice and consent of the Senate. The legislature elects a Resident Commissioner to Washington, with a

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voice but no vote in the House of Representatives, for a term of four years. Santiago Iglesia honors this position at present. The island makes its own tax laws and retains all local revenue which in territories goes to the Federal Government.

POPULATION

Puerto Rico's population is essentially rural. According to the census of 1930, the population of the Island was 1,543,913 persons, or an average of 449.5 people to the square mile. The estimated population of July 1, 1931, was 1,574,578 or a density of 458.4 per square mile, and of July 1, 1932, 1,599,142 persons, or a density of 465.5 per square mile. The estimated population of July 1, 1933, was 1,623,814 persons or a density of 472.7 per square mile.(7)

The roads in Puerto Rico present a cheerful and lively aspect in spite of the poverty. Driving across the island, "jibaros" are seen continually on the highways. It is like a parade of people going to and from work. Seldom is it possible to enjoy a view of nature without a dot, a cabin of a native, being seen on the slopes of the mountain ridges marked by trails. Some of these cabins are in the most unimaginable places. It seems impossible that the dwellers could ever get there. The construction of the laborer's cabin is very poor. The commonest type uses a wide variety of

⁽⁷⁾ Thirty-third Annual Report of the Governor of Puerto Rico, 1933, PP. 6-7.

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⁽⁷⁾ Third Annual Report of the Governor of Fuerto

material, wood, bark of royal palm, galvanized iron, zinc, straw, oiled cardboard, and straightened oil cans. The average cabin is no larger than from ten to twenty square feet, but will house a numerous family. The cabins are constructed about two feet from the ground level to allow rain to run by, and to let the house dry.

RACIAL TRAITS

Racial lines are not strictly drawn in Puetto Rico. Negroes of high intelligence often teach at schools, and among students can be seen both whites and negroes learning together. Among the higher classes race difference is given more consideration. At their social gatherings negroes are not allowed. The true "jibaro", or country man of Puerto Rico, is a descendant of the poor whites who emigrated from Europe, and who were driven by the negro slaves into the interior of the island. The "jibaro", or peasent, is of pure Spanish extraction. (8) His very isolation was an important factor in creating his distinctive qualities, which are, however, changing greatly because of development of the Island. He is superstitious, hard working, intelligent, religious, simple in his ways, and poor. Many of them go barefooted. Their school education has been neglected. He is the Puerto Rican who needs most urgently the assistance of his Puerto Rican brothers, and that of the Americans.

⁽⁸⁾ Diffie and Diffie, "A Broken Pledge" 7.

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PART II

AGRICULTURE

As Puerto Rico depends for most of her income upon the soil, it is essential that har agricultural problems never be overlooked. The island produces mainly sugar, citrous fruits, coffee and tobacco. Even though Puerto Rico is essentially agricultural, we find that over half the total annual imports are food stuffs. There would be nothing strange in this fact if countries had no tariff protection, and production were based on that for which each country is best fitted. This, however, we know too well is not the case. Nations are choking with tariff entanglements. The depression which we have gone through, and the monetary controversies have accentuated the magnitude of the tariff dominion. If a nation depreciates its currency, an equivalent increase in the tariff barrier is immediately set by other nations.

The possible wisdom of free trade does not concern

Puerto Rico, which is by no means in a position to advocate
a "no tariff" plan. Neighboring virgin soil would launch
the island into sudden industralization which should only
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Cuba has always exerted much pressure on Puerto Rican sugar production. Cubans produce sugar at substantially lower cost. In 1933 the author learned from Cuban students in America that because of the low price and abundance of sugar, farmers were only cutting that which grew on old stems, and bags of sugar were given away with every purchase in retail stores.

Brazil and Colombia are strong competitors in the coffee market, especially Brazil, which may of itself, supply the world. During 1933, Brazil burned huge mountains of its surplus output to counteract the ruinous prices. Puerto Rico's production is negligible as compared to that of Brazil, yet its quality is far superior to that of any other country.

California and Florida are the chief competitors in citrous fruits.

THE SUGAR INDUSTRY

Sugar is the leading crop of Puerto Rico. Its importance is embodied in the common phrase, "As sugar goes, goes Puerto Rico". The tendency to dedicate the greatest portion of the soil to this industry is ever increasing. In the year 1899 sugar absorbed only about 15 per cent of the cultivated area of the island. At present it is nearing the 50 per cent mark. It is no wonder that Puerto Rico imports such large amounts of food stuffs.

The industry is controlled by a limited number of corporations among which we find the South Porto Rico Sugar

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Co., United Porto Rico Sugar Co., Fajardo Sugar Co., and Aguirre Sugar Co.; which in turn are controlled by absentee owners.

Most of the Island's sugar is delivered at American refining ports during the first five or six months of the year, i.e., after the Lousiana cane crop and the American beet crop have been markated. Freight charges are higher than those for Cuba. Puerto Rican producers are awakening to the wisdom of doing their own refining and are beginning to do so. The P.R. Sugar Ref. Co. on the southern part of the Island is the first refinery to concentrate on this industry in a large scale. The Guánica Central, of the South Porto Rico Sugar Company refines, but does not consider this industry its mayor operation. Other refineries are sure to come if the United States does not raise tariffs on refined sugar to protect her mills. From an editorial in the Boston Herald of March 4, 1934, the New England point of view on the matter is seen. A quotation follows:

SUGAR AND NEW ENGLAND

"In his message of Feb. 8, the President proposed a quota system for the importation of sugar. Bills have been introduced in both Senate and House to put it into effect. The American refiners ask for an amendment to protect their industry."

"New England backs that amendment. Our refineries employ several thousands persons. In a single decade, the Boston refineries have paid \$46,000,000 in wages and supplies, and consumed 700,000 tons of coal and 1,500,000 barrels of

Co., United Forto Hico Sugar Co., Pajardo Sugar Co., and Agairre Sugar Co.; which in turn are controlled by absentee owners.

Most of the Island's super is delivered at American refining ports during the first five or six months of the year, i.e., after the Lousiana cane crop and the American best crop have been markated. Freight charges are higher than those for Cuba. Fuerto kican producers are awakening to the wisdom of doing their own refining and are beginning to do so. The P.n. Sugar Ref. Co. on the southern part of the Island is the first refinery to concentrate on this industry in a large scale. The Guánica Central, of the South this industry its mayor operation. Other refineries are sure to come if the United States does not consider and the Hoston Merch of March 4, 1934, the New England point the Hoston Merch of March 4, 1934, the New England point of view on the matter is seen. A quotation follows:

SUCAR ANI NEW ENGLAND

"In his message of Feb. 8, the President proposed a quota system for the importation of sugar. Bills have been introduced in both Senate and House to put it into effect. The American refiners ask for an amendment to protect their industry."

"Mew England backs that amendment. Our refineries employ several thousands persons. In a single decade, the Boston refineries have paid \$46,000,000 in wages and supplies, and consumed 700,000 tons of coal and 1,500,000 barrels of

oil, besides paying large taxes. Unless the limitations sought by the amendment are allowed, the industry will be confronted with the ugly dilemna of folding up or moving out of the country."

"Until recently importations of refined sugar were negligible. Then the tariff schedules were so dislocated that the refined rates no longer provided adequate protection for the domestic refineries. Cuba promptly went into the refining business. The amount brought in from the island has gone up 800 percent since 1926. Of the total imports of 626,000 long tons in 1933, more than two-thirds came from Cuba; the balance came from our insular possessions. Puerto Rico is sending us 40 times, the Philippines 15 times, Hawaii three times, as much refined sugar as in 1926."

'Not only the tariff, but the NRA enters into the problem. Without affecting the costs of the business in tropical countries, the NRA has increased expenses in various ways for the American refineries. For instance, the domestic industry pays a processing tax on the cotton bags used in packing sugar, whereas Cuban refiners use the same bags and pay no such fee. The difference is small in itself, but in an industry where margins are so narrow, every fraction of a cent is relatively of large importance."

"What the domestic industry asks for is a chance to live. The quota system as such is not objected to. All that is sought now is a division within the quotas which will so divide them between raw and refined sugars as to protect the

oil, begides parker large taxes. Unjose tos limitations sought by the amendment are allowed, the laduatry of I be confronted with the nely dilemas of felding up or waving one of the ocustor."

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American refiners. The proposed amendment would divide Cuban importations into 85 per cent raw, and 15 per cent refined. It would limit importations from the Insular possessions to the respective amounts sent here in 1933, leaving the industry "as is" in Hawaii, the Philippines, and Puerto Rico."

"This is a reasonable demand."

The importance of this coming industry can not be over-emphasized since the Island needs industrialization, and to have it so spread that it will overcome the regular seasonal unemployment from which the Island suffers. If the industry is left "as is", in Puerto Rico, Congress is forgetting to consider two important factors. First, were in 1933 the refined sugar exports from Puerto Rico sufficient to give a regular profit in the already fixed investments? Secondly, is any consideration being given to the need of further industrialization in Puerto Rico, or to the fact that Puerto Ricans, as American citizens, should be permitted to have free trade with the United States? That the NRA has not increased expenses in Puerto Rico is also a mistake.

COLONOS

Those who grow cane and sell it to the centrales are known as Colonos. The introduction of modera machinery brought them into prominence. Concentration of the sugar industry followed, and this converted many of the old mill owners into Colonos, and permitted the peasants to become sugar growers. Before the modern sugar factory came into

American refiners. The proposed amendment would divide Cuban importations into 85 per cent raw, and 15 per cent refined. It would limit importations from the Insular possessions to the respective amounts sent here in 1833, leaving the industry "as is" in Manaii, the Philippines, and Puerto Rico."

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BONOTOD

Those who grow cane and sell it to the centrales are known as Colonos. The introduction of modern machinery brought them into prominence. Concentration of the sugar industry followed, and this converted many of the old mill owners into Colonos, and permitted the peasants to become sugar growers. Before the modern sugar factory came into

existence, cane cultivation was a privilege of the rich. Only those who had sufficient money to establish a "muscovado" mill, no matter how small, were able to cultivate sugar cane on their lands. Now, even farmers who own only four or five acres of land will cultivate one or two acres of sugar cane, which they sell to the central factories on the same basis as those who can cultivate on a much larger scale. The railroad, which forms part of modern factory layout has made this possible. (9) The concentration of the industry was gradual. Ten years before the Island came into the possession of the United States, 446 sugar mills were reported on the Island, of which 286 were moved by oxen and 160 by steam. (10) In 1900 sugar began to be admitted free of duty to the United States, and in 1910, ten years later, the Islands crop was substantially augmented. 146 establishments are taking care of the crop as follows: (11)

	TYPES OF SUGAR MILLS		
	Modern	Old	
Item	Central	Steam Mill	Ox Mill
Number of mills	41	14	91
Total tons made	335,750	8,937	2,099
Average ton per mill	8,189	638	23
Percentage exported	96.4	76.6	
Percentage consumed in	3.6	23.4	100.0
Porto Rico			

In 1930, 42 Centrales ground the entire crop. (12)

- (9) Bird, Jorge, "The Economic Factors of the Central Sugar Mill", The Book of Porto Rico. PP. 541-43.
- (10) Carroll, Report on the Island of Porto Rico. P. 116.
- (11) Memorial de la Asociacion da Productores Agricolas de Puerto Rico.
- (12) Bailey W. and J. W. Diffie, "A Broken Pledge". P. 46.

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ILLM XD		Leginal	
	51		Mander of mills
8,038	758,8	335,750	
		8,189	Average ton per mill
00 40 W4	76.6	2.38	betrooke opermeored
0.001	23.4	0.0	

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⁽A) Bird, Jorge, "The Legachie Easters of the Central Sugar

⁽¹⁰⁾ Carroll, Mayort on the Teland of Porto Mico. . . 116.

⁽¹¹⁾ Memorial de la Asociacion da Productores Agricolau

de Puerto Elco.

⁽¹²⁾ Bailey W. and J. W. Diffie, "A Trolog Bladge". J. 65.

The 41 Centrales do twelve times the amount of work that took more than four hundred mills to accomplish before the American occupation. The Colono either sells his cane outright to the central for a specified amount of sugar for every one hundred pounds delivered, or receives a determined amount in proportion to the sucrose content of the delivery.

Both of these methods have their difficulties. The first encourages the Colono to grow those varieties which are heavier, but not as rich in sucrose content. The other method leaves the matter of determining the sucrose content to the Central. Without the proper regulation both are uneconomical. Where the Colono is to receive a specified amount of sugar per one hundred pounds delivered, the central will not get a sufficient sucrose content to warrant economy. To understand the other alternative, it is wise to study the methods of determining the sucrose contents used by the centrales.

Centrales have their own chemists who make the tests.

To check up on their reports, the Insular Experimental Station, in May 1930, carried out some experiments. In twenty-one cases at the central Defensa, and in nine cases at the central Santa Juana, the test made showed a sucrose content ranging from 15.94 to 22.26, whereas the highest sucrose content showed by any mill for May, was 16.81, the average content shown being between 14 and 16. Brix tests were also made and chown ranged from 19.2 to 24.(13) The wide difference between reports led the government to take action. If they were to pay atten-

⁽¹³⁾ Ibid. P. 67.

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⁽¹³⁾ Ibid. P. 87.

tion to the demands of the Colonos, the action would not be adequate, nor if they followed the demands of the Centrales. It would be best to decide on an accurate analysis, as the Brix test, and have government regulation over these tests. To add to the accuracy of the reports, it is also wise to have the tests made frequently, and to take the samples from the juice continually or at least intermittently, while the cane is being ground. The Colono should receive 65 per cent of the average content. This would create an incentive to raise a high quality of cane and encourage better care and delivery to the crushers.

THE CENTRALES

Rico is produced by four large Centrales is very significant.

This concentration would be opposed if the Foraker Act were enforces. (14) Its 500-acre clause was meant to limit the size of the corporations, but it has never been enforced.

Under the present relations existing between the sugar interests and the government, the enforcement is politically impossible. Candidates presented by the sugar interests are given more importance than even those presented by the majority parties. Even though this unfair attitude should be corrected, I do not believe the enforcement of the Act would be economical. Concentration of the industry allows for the better control and

⁽¹⁴⁾ Register of Puerto Rico, 1926, P. 219.

tion to the damands of the Columbs, the motion would not be adequate, now if they followed the desimals of the Centrales. It would be best to decide on an accurate enalysis, on the Brit test, and have government regulation over these tests. To add to the scourary of the results, it is also wise to have the tasts gade frequently, and to take the samples from the the interpretable of the damping ground. This column anould reserve to ser cent of the sverage content. This would create an insentive to the crusters. This would create an insentive to delivery to the crusters.

CELLATING DAY

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⁽¹⁴⁾ Regulater of Page to Rico, 1926, P. 219.

economy. The distribution of the crop between early and late planting is hard to regulate even for the mills that grow their own cane, and if the distribution of land were enforced it would be almost impossible. Regulation tends to solve seasenal unemployment and allows grinding the cane at the date which will yield the maximum remuneration. Delivery can be controlled; marketing is more efficient; concentration of capital for investment in more efficient machinery which is extremely ex- / pensive is necessary; irrigation and drainage systems can only be financed by highly capitalized organizations; research is made more effective; and unit cost is lowered. Enumeration of favorable factors would be lengthy. The mistake of many Puerto Ricans lies in blaming this concentration for the ailments of the industry. The fault is not there, but in the stock ownership of these corporations. Co-operative mills have been proposed as a solution. To show the folly of their contentions, it is worth indicating that cooperative mills have been tried in many countries, including Hawaii, and have succeeded only where they are owned and controlled by a few big growers whose crops are virtually "administration" cane. (15)

The South Porto Rico Sugar Company (16) was incorporated under the laws of New Jersey, November 16, 1900, to manufacture raw and refined sugar, molasses, and other

⁽¹⁵⁾ Clark and Associates, Porto Rico and its Problems. P. 628.

⁽¹⁶⁾ Moody's Industrial 1933, PP. 1107-1108.

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The South Forte Hos Sugar Company (46) was incorporated under the laws of Hea James, However 11, 1800, to memure the rew and reflect sugar, molessor, and other

⁽¹⁵⁾ Clark and Associates, Posto Rico and the Problems, P. 388.

products of sugar cane and similar commodities; to engage in agriculture, and to plant, cultivate and grow sugar cane and other products, and to purchase and acquire obligations and shares of the stock of other corporations. The Company owns all the stock of the Central Romana, Inc., a Connecticut corporation operating and owning about 75,000 acres in the province of Seybo in Santo Domingo, and a raw sugar factory with a capacity of 600,000 bags. It also owns all the stock of the South Porto Rico Sugar Company of Puerto Rico, operating the Guanica Central sugar factory at Guanica, Puerto Rico, which has an annual capacity of 700,000 bags. It owns 350 acres of land, railroads and other equipment. It also owns the entire stock (\$1,000,000) of the South Porto Rico Sugar Company Trading Corporation, incorporated in July, 1925, New York, and the Dominican Steamship Company. In 1926, it acquired the entire capital stock of Yngenio Santa Fe, C. por A., a Dominican corporation which owns Central Santa Fe. The latter company owns about 75,000 acres of land of which 20,000 acres are cultivated for cane.

Central Aguirre Associates (17) was organized in Massachusetts August 1, 1928, as a voluntary association, and primarily as a holding company for shares of the Central Aguirre Sugar Company. The company controls Central Machete Company, owns Central Santa Isabel Sugar Company, grinds the sugar cane produced by Luce and Company, S. en C., and owns

⁽¹⁷⁾ Moody's Industrial, 1933. P. 287.

compe of quelt frommos multite has once your to atcube to pure old the stock of the Central School, Inc., a consectiont out of series 000,37 thou and one interest of the province of Seyon in Santo Domingo, and a rew sager fratory Moode ent Lie some osts il sise owns all the speck ing the dushing Contral arger factory of Guarden Pageto Moc. wereb has an augus I capacity of 700,000 bars. It was 380 mores of land, retironds and officer equipment. It also overs the cattle stock (41.00, 00) of the South Porte of the York, and the Liminian Staniship Company. In 1986, is sooutred the outire deplace atout of Yagealo Seate Fe. U. our . El afrat lertest envo think mittageter recipient o . . A

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⁽¹⁷⁾ Moody's Industrial, 1933. P. 287.

all the capital stock of the Ponce and Guayama Railroad Company, operating 45 miles of railroad. The combined assets total over 14 million dollars.

The Fajardo Sugar Company of Porto Rico (18) was incorporated in February 1919, in Puerto Rico as successor to the Fajardo Sugar Company, manufacturers of sugar and molasses. The Company has under cultivation about 27,000 acres of sugar land, situated in the northeast portion of Puerto Rico, at Fajardo, of which about 15,000 acres are owned outright, and about 12,000 acres controlled under leave or contract for long terms. The Fajardo mill has a daily capacity exceeding 55,000 short tons of raw sugar. On October 6, 1925, it purchased the 22,500 outstanding capital shares at \$90 per share of Loiza Sugar Company, with its Central Canocanas and cane lands adjacent to Fajardo Sugar Company's holdings, capable of producing over 24,000 tons of sugar per annum, making a combined capacity of over 80,000 tons for two mills now operated by the company. It controls Fajardo Sugar Growers' Association, owning real estate, etc., and Fajardo Development Company, owning about 80 miles of railroad, telephone systems, etc ...

The other organization of importance dealing in sugar in Puerto Rico is the United Porto Rican Sugar Company, but it is now for sale by the District Court of the United States for the District of Puerto Rico. (19)

⁽¹⁸⁾ Ibid. PP. 2110-2111.

⁽¹⁹⁾ El Imparcial, Dec. 27, 1933. PP. 14, 15, 16, 17.

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⁽¹⁸⁾ Ibid. IF. 2110-2111.

⁽¹⁹⁾ Ml laparelel, Dec. 27, 1983. Fr. 16, 16, 16, 17.

ABSENTEE OWNERSHIP

Absentee Sugar Companies control the largest producing Centrales of the Island, holding Companies that have been incorporated for this purpose. In this manner a large portion of the profits from the sugar crops leaves the Island to be spent in the United States or other countries. The three large Centrales already mentioned are American.

Central Victoria, Incorporated, (20) operating a mill at Carolina, Puerto Rico, is a Spanish and Puerto Rican Company.

Central Vanina, Incorporated, (21) near Rio Piedras, is Spanish owned by residents and absentees.

Central Coloso, Incorporated is also a Spanish company.

To prove to what extent absentee ownership controls the Island I will quote Diffie and Diffie, "A Broken Pledge". "It has already been shown that the holdings of the American sugar companies are one-fifth of the assessed wealth of the Island. When it is considered further that sugar represents about 67 per cent of the agricultural wealth, and that the absentee companies produced 59 per cent of the sugar, it is at once evident that they control in sugar alone 40 per cent of the agricultural wealth".

The number of Puerto Ricans who have lost their lands to these corporations is enormous. Many a complaint

⁽²⁰⁾ Diffie & Diffie, "A Broken Pledge" P. 50.

⁽²¹⁾ Ibid.

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has the author heard from friends whose parents formerly owned extensive lands. They all explain how the bad wolf realized their lands would be a worthy addition to the assets of the Central, and how by unfair means Centrales finally had succeeded in taking the land away from them. Much truth is to be found in some of the cases where the large corporations would force loans on the people, and by many other manipulations at the end gain possession of the desired land. Many however, having preferred to sell than to labor, and improve the value of their lands, and later would regret when by another's industry the farm had tripled in value. Now that the United Porto Rico Sugar Co. is in receivership, it is said that banks are doing the same to them, as they did to the lone farm owners.

LABOR STRIKES

It is often said that strikes are the first signs of a return to prosperity. If this is the case, Puerto Rico is headed straight for many years of abundance and riches. Numberous have been the strike wages in the Island during X December 1933 and January and February 1934.

On December 13, 1933, (22) 8,000 workers of Central Coloso went on a strike. The workers demanded higher wages, specifying a salary of \$2.50 for a day of six hours work. They probably asked for such high salary hoping that by bargaining they could come out with a good average. Central Coloso, like many other Centrales has a store for the convenience of the laborers in which credit is extended.

has the author beard from triandy shows corrects formerly owned extensive lands. They all explain how the bed wolf realized their bed, lands could be a sorthy endition to the assets of the Central, and how by unfolk meens Centraled finally had succeeded to taking the land oway from them. Such truth is to, be found in apea of the cases where the large corrections would forth leans on the excepts, and to meny other estimate the the end gain gosuessin of the desired land. Many however, he would represent the trained their send there are included to their send their lands, and later would repret when by enother's industry the farm had tripled in value. Now that the United Porto doing the sens to them, as they did to the lope farm owners. How the sens to them, as they did to the lope farm owners.

TARRES SOUTHERS

It is often said that attites are the little of the return to prospenity. If this is the care, Eucric alous is bested straight for many years of soundance and ric enNumberous tave heep the strike wages in the Island during December 1955 and January and Pebruary 1954.

Coloso were on a stime. The verters demanded bluer access, specifying a relary of 42.50 for a day of six hours work.

They empeter takes for such tigh release house that by bargaining they could come out atth a good average. Central coloso, like many other Centrales has a store for the conventioner of the labores in which credit is extended.

Their first move was to close the store and discontinue & credit. As a result of this first strike, many more have followed. The workers at Central Guanica, (23) of the South Porto Rico Sugar Company also went on a strike. The Central followed the precedent set by Central Coloso in closing the worker's store and bringing men from outside to break the strike. The losses incurred by the Company were high due to the loss of sugar brought from Santo Domingo. The steamer "Mary" was for some time waiting to have the cane unloaded it had brought from the Dominican Republic to be ground in Puerto Rico. Finally she was ordered to leave port and dump the load overboard in high seas. The Insular Government lost \$5,000 daily because no sugar was being imported.

The Guanica and Ensenada merchants cooperated with the strikers since they claimed it was humanly impossible for a person to live on 60¢ a day for twelve hours work. (24)

Comparing wages to those paid to workers in Cuba, Puerto Rico does not seem to be badly off. Quoting from the New York Times of September 24, 1933, in reference to a similar strike by sugar plantation workers, "The workers' demands include a minimum wage of 80 cents a day, eight-hour day, recognition of the union, collective bargaining, half pay for unemployment, free food and housing, free medicine, and free automobiles to the hospital". "Officials' reports show the wages now are 25 to 40 cents daily and the laborers are working over eight hours.

⁽²³⁾ La Prensa, December 113, 1933.

⁽²⁴⁾ Ibid, Hanuary 8, 1934

Their first move wes to close the fore and iscomistic cashit. As a result of this first strike, cany move have cave collowed. The sorter's at destrai Guaries. (23) or to South for to kice Sugar Company also went on a strike. The Control Collowed the greeced at set by Control Colloge in sice and the strike. The leases incurred by the Verneny were high due to brook the atribe. The leases incurred by the Verneny were high due to the leas of sugar brought from Suche Opening. The state westing to have the same uniowise its had brought from the Deminion Kenuclia to be ground in Prestoration. Finally the Deminion Kenuclia to be ground in Prestoration. Finally she was ordered to Leave port and dum has load everdent in high seeks. The leave port and dum has load everdent in high seeks. The leave port and dum has load everdent in aught was being incortain.

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⁽²⁵⁾ La Premas, December 13, 1983.

⁽²⁴⁾ Ibid. Sameny 8, 1954

ten cents all day does not mean a worker may labor for ten cents all day does not mean a worker in the United States should work for ten cents or even one dollar. The fact that Cuba pays low wages does not make unit cost lower necessarily. Higher salaries may be paid which will encourage greater productivity tending to reduce cost per unit. Efficient machinery, mass production, better control, all will give the Puerto Rican laborer a better wage and at the same time better dividends to the stock owners. A higher salary is surely needed by the workers in the sugar industry. The large number of dependents on the average worker, and the seasonal unemployment the goes through are strong arguments in his favor.

whole ever sidt hours.

SUGAR PRODUCTION

Indications are that this year the sugar crop is going to be a very good one. Production has been increasing tremendously since the year 1900, and reached its highest peak in 1932. The following year, 1933, there was a drop of 176,095 tons. As to value of exportation, 1932 is far from the highest figure in the records of Puerto Rico. In 1920, with a crop one half that of 1932, the value of the crop was twice that of 1932. The following exhibit taken from the Thirty-third Annual Report of the Governor of Puerto Rico gives data from 1901 to 1933.

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The fact that in Gains, a worker and labor for ten cents all day does not meen a worker in the united States should work for ten cents or even one dollar. The fact that Gubs pays low wages does not make unit cost lower necessarily. Higher salaries may be paid which will encourage greater productivity tending to reduce cost per unit. Efficient machinery, wass production, better control all will give the Fuerto sican laborer a better maje and at the same time better dividends to the stock owners. A higher salary is surely needed by the workers in the augus industry. The large number of dependents on the average industry, and the seasonal unemployment in goes through are strong arguments in his rayor.

WOLLDAGONI PROTE

Indications are that this year the augar crop is going to be a very good one. Production has been increased in tremendously since the year 1800, and reached its highest peak in 1932. The following year, 1955, there was a drop of 176,085 tons. As to value of exportation, 1932 is for from the highest figure in the records of Euerto mico. In 1920, with a crop one half that of 1832, the value of she crop one half that of 1832, the value of she crop one half that of 1832, the value of she crop one half that of 1832, the value of she crop one half that of 1832, the value of she crop one half that of 1832, the value of she crop quest of the following endicate from the gives data from 1801 to 1936.

SUGAR EXPORTS FROM 1901 TO JUNE 30, 1933

1901 103,152 68, 909 \$4,715,611 1902 100,576 91,912 5,890,302 1903 139,096 113,108 7,470,122 1904 151,088 129,647 8,690,814 1905 214,480 135,663 11,925,804 1906 206,864 205,277 14,184,667 1907 230,095 204,079 14,770,680 1908 277,093 234,607 18,690,504 1910 349,840 284,552 23,545,922 1911 371,070 322,919 24,479,346 1912 398,004 367,145 31,544,063 1913 351,666 382,700 26,619,158 1914 346,490 320,633 20,240,333 1915 345,490 294,475 27,278,754 1916 483,589 424,955 45,809,445 1917 503,081 488,943 54,015,903 1918 453,793 336,788 41,362,229 1919 406,002 351,910 48,132,419 1920 4	Year	Production (Tons of 2,000 Lbs.)	Exportation (Tons of 2,000 Lbs.)	Value of Exportation #
	1902 1903 1904 1905 1906 1907 1908 1909 1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1928 1929 1930 1931	100,576 139,096 151,088 214,480 206,864 230,095 277,093 346,786 349,840 371,070 398,004 351,666 346,490 345,490 483,589 503,081 453,793 406,002 485,077 491,000 405,000 379,000 447,000 660,003 603,187 629,135 748,677 586,760 866,109 783,163	91,912 113,108 129,647 135,663 205,277 204,079 234,607 244,257 284,552 322,919 367,145 382,700 320,633 294,475 424,955 488,943 336,788 351,910 419,388 409,407 469,889 355,423 372,041 571,559 578,811 574,689 605,620 471,269 721,217 806,826	5,890,302 7,470,122 8,690,814 11,925,804 14,184,667 14,770,680 18,690,504 18,432,446 23,545,922 24,479,346 31,544,063 26,619,158 20,240,333 27,278,754 45,809,445 54,015,903 41,362,229 48,132,419 98,923,750 72,440,924 40,820,333 46,207,276 47,838,687 53,261,895 48,223,258 54,756,984 54,579,020 35,224,056 53,670,038 54,367,401

[#] Information from the Customhouse.
Production 1901 to 1920, Association of Sugar
Producers.

Production 1921 to 1933, Department of Agriculture & Commerce.

		-	The second section of the second section is a second section of the second section of the second section is a second section of the section of
	Exportation	Production	
To	(Tons of	(Tons of	Year
Exportation	(.adl 000,S		TEST
#	(.000 000.0	2,000 Lbs.)	
The state of the s		No. 1 and the second second second	The state of the s
- 44,715,611	68, 909	200 250	roor
5,890,302	91,912	103,152	1901
7,470,122	113,108	100,576	1902
8,690,814	129,647	189,096	1903
11,325,804		151,088	1904
	135,663	214,480	1905
14,184,667	205,277	206,864	1906
14,770,680	204,079	280,095	1907
18,690,504	234,607	277,093	1908
18,432,446	844,257	846,786	1908
23,545,922	284,552	349,840	1910
24,479,346	322,919	371,070	1911
31,544,062	367,145	398,004	1912
891,619,92	382,700	851,666	1913
20,240,323	888,088	346,490	1914
27,278,754	294,475	345,490	1915
45,809,445	424,955	483,589	1916
54,015,303	488,948	503,081	1917
41,882,229	336,788	458,793	1918
48,132,419	351,910	406,002	1919
98,923,750	419,388	485,077	1920
72,440,924	409,407	491,000	1921
40,820,338	469,889	405,000	1922
46,207,276	355,423	379,000	1923
47,838,687	372,041	447,000	1924
58,261,895	571,569	660,003	1925
48,223,258	578,811	603,187	1926
54,756,984	574,689	629,135	1927
54,579,020	605,620	748,677	1928
35,224,056	471,269	586,760	1929
88,670,038	721,217	866,109	1930
54,367,401	806,826	783,163	
55,116,975	913,169		1931
50,780,422	822,423	992,432	1932
001100	031,920	816,337	1983

[#] Information from the Customhouse. Production 1901 to 1920, Association of Sugar

Producers. Froduction 1921 to 1933, Department of Agriculture & Commerce.

In respect to world sugar production, Puerto
Rico is one of the smallest producers. Cuba formerly almost entirely supplied the United States previous to the tariff.

COSTIGA-JONES BILL

What will come out of the Costiga-Jones proposal presented to Congress recently to limit sugar production is difficult to say. (25) This proposal classifies Puerto Rico as a foreign country. Resident Commissioner to Washington, Santiago Iglesia, protested vigorously before the Senate Committee. He pointed out that the proposal, in Section 3 A, includes Puerto Rico and other possessions as foreign countries, which is not the case, and that the dependence of the Island for its income on the sugar industry is so marked that it means ruin. Santiago Iglesiab wishes to have Puerto Rico included in Section 3 B of the proposal, with the American producers.

The "Asociacion Azucarera Filipina", of the Philippine Islands asked Governor General Frank Murphy to veto the
legislative proposal meant to limit sugar production for
two years.

It appears therefore that nobody wishes to limit production. Should the present tariff on sugar be lowered, then there would be real reason for complaint. Limitation of production is a sound decision if supply is exceeding demand and prices are low. The difficulty of such limitation is to decide on a limitation ratio that all producers will

⁽²⁵⁾ Ibid Jan. 7, 1934.

In respect to world sugar production, course

Mico is one of the english producers. Subs formerly elmost entirely supplied one United Fiates provious to the teriff.

mesented to Congress recently to limit super production is difficult to sky. (35) This proposal classifies fuerto decident to median country. Desident Considerioner to medianton, santismo Inlesia, protested vigorously before the Senate Cosmittee. He pointed out that the proposal, in section 8 decident tries, which is not the case, and that the dependence of the Island for its income on the super industry is so marked that the state ruin. Santismo Iglesian wishes to have Puerto Rico included in Section 5 B. of the proposal, with the American included in Section 5 B. of the proposal, with the American brockuere.

The "Assertance of the Filipine", of the Filipine pine Island, are to the pine Islands as well over the legislabive proposed meant to limit sugar production for two years.

It amosers therefore that hopedy wisins to limit production. Should the present tailff on sugar to lowered, then there would be real reason for nowplaint. Idultation of production its a sound decision if susply is exceeding demand and prices are low. The difficulty of such limitation is to decide on a limitation ratio that all producers will

⁽²⁵⁾ Ibid Jan. 7, 1934.

consider fair and will be willing to accept. I do not believe that a limitation of this nature is possible at present or that it will be accepted by all producers.

BOARD TO CONTROL SUGAR PRODUCTION

Considering what has been done to stabilize the price of commodities in the Unites States, it would not surprise me, if a proposal for a Board to stabilize the price of sugar was made. The idea has been on ocasions considered by sugar producers that find in those agencies a dumping ground. What happened to the Federal Farm Board should be enough to discourage at attempt of this nature. In 1929 the Federal Farm Board set out to stabilize the price of cotton by taking a domestic surplus off the market. Cotton was then selling at 17 cents a pound. Three years later it sold at 5 cents. When similar operations were begun by the same agency in the case of wheat, the average price of all grades of that commodity in six markets was \$1.24. In 1932 it was 46 cents. The Government of Brazil borrowed funds from foreign bankers to enable it to purchase coffee, burn coffee, even destroy whole acres of coffee trees, in an effort to maintain prices; coffee fell from 15.8 cents a pound in 1929 to 8.1 cents in 1932. A syndicate of Japanese firms undertook to withdraw raw silk from the market when it was selling at \$4.43 a pound in February, 1930. In June. 1932, the average price was \$1.19. Attempts to "peg" prices or lift prices by these means require a monopoly of the

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consider fair and will be willing to scuept. I do not believe that a limitanion of this neture is possible at present o that is will be accepted by all productrs.

DALLO TO DOWNEL BURLU PRODUCTION

price of composition in the Unites States, it would not price of auger was made. The idea has been on ocasions cordumping ground. What happened to the Pederel Form Forna should be enough to discourage at attempt of this nature. orice of cotton by taking a domestic surplus off the market. Cotton was then selling at IV cente a pound. Three veens later it sold at 5 dents. When similar operations were te-. sav sjolina kie ni vilhommon teni lozofarn ila to solve In 1932 it was 46 cents. The Government of sew ji SERI nI burn coffee, even destroy whole seres of coffee trees, in an effort to maintain prices; coffee fell from 15.8 cents a peendget to established A .SEMI al simes I.B of CSCI at bayon it was selling at M.43 a pound in February, 1930. In Juse, 1932, the everege orice was 11.19. Attempts to beg prices market which is difficult if not impossible to attain in commodity products, and should not be fostered.

PROFITS IN SUGAR

Profits in Sugar are ample from the point of view of the stock holder. "There have been, naturally, difficult times, but one of the numerous good years was quite enough to wipe out even the memory of the losses". (26)

Referring to the South Porto Rico Sugar Company,
Diffie and Diffie, "A Broken Pledge", says, "this company
has paid over a period of 30 years a steady dividend of
eight per cent on preferred stock, and dividends on common
stock from 4 to 115 per cent".

Company continue thus, "Beginning in 1908 the company paid dividends of 10 per cent; in 1909, 8 1/2 per cent; in 1910, 10 per cent; in 1911, 5 1/4 per cent; in 1912, 7 per cent, and in 1913, 1 1/4 per cent". For the years 1914 and 1915 no dividends were paid, but later years surely repaid as the quotation shows. "Beginning February 1, a regular dividend of 2 1/2 per cent was paid up to and including May 2, 1929. In addition to this, 5 per cent extra was paid on August 1 and September 1 to bring the years profit to 20 per cent. In 1920, an extra cash dividend of 30 per cent, and a stock dividend of 70 per cent brought profits to 110 per cent for the year".

Good dividends have been paid up to 1929, but since then notividends have been passed by the Fajardo Sugar Company.

(26) Ibid Feb. 25, 1934.

market which is difficult if not impossible to a teath in commodity products, and should not be fostered.

ENDITES IN SUCKE

Frofits in Sugar are ample from the point of view of the stock holder. There have been, naturally, difficult times, but one of the numerous good years was quite enough to wipe out even the monor; of the losses". (26)

Referring to the South Forto Aleo Sugar Company, Diffite and Liffite, 'A Drouen ledge', says, "unis company has paid over a period of 50 years a steady cividend of eight per cent on preferred stock, and dividends on common stock from 4 to 115 per cent".

The same suthors referring to the rajardo Sugar Company continue thus, "beginning in 1908 the company paid dividends of 10 per cent; in 1909, 2 1/2 per cent; in 1910, 10 per cent; in 1911, 5 1/4 per cent; in 1912, 7 per cent, and in 1912, 1 1/4 per cent. For the years 1914 and 1916 no dividends were paid, but later years surely repaid as the quotation shows. "Beginning Sebruary 1, a regular dividend of 2 1/2 per cent was paid up to and including May E, 1928. In addition to this, 8 per cent extra was paid on August 1 and secrition to this, 8 per cent extra was paid on August 1 and 1920, an extra cash dividend of 30 per cent, and a stock dividend of 70 per cent frought profits to 110 per cent for the year."

Cood dividends have been paid up to 1929, but since then, notived have been passed by the Falardo Sugar Company. (26) Thid Feb. 25, 1934.

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TOBACCO

The Tobacco Industry, like the sugar industry, has developed rapidly since 1900. In the year 1899, according the the census, only 5,693 acres were under cultivation. In 1929, it had expanded to 29,403 acres. (27) In the year 1933 exports of tobacco leaf were \$3,694,147; Tobacco scrap, stems, etc., \$709,468; Cigars, \$1,284,289; Cigarettes, \$43,035 and other tobacco products, \$1,815. (28)

The reduction in exports value for the last few years has been marked. Tobacco production for 1928-29 was 29,057,020 pounds valued at \$16,814,454; in 1928-28, about 22,000,000 pounds were produced and the amount exported was valued at \$20,777,937; and in 1926-27, 50,000,000 pounds with exports valued at \$24,860,072. (29) Compared to 1933, when exports were less than five millions, the fall in exports is staggering.

MARKET CONDITIONS

The reason for this condition is evident upon analysis of market demand and prices. Prices have fallen notably. As it will be remembered, the American Government asked manufacturers to purchase tobacco at higher than market prices and save it, to help producers. This fall in prices, and how it was to affect Puerto Rico is dealt with by the Governor of the Island in his 1931 report to the

⁽²⁷⁾ Diffie & Diffie "A Broken Pledge" P. 62.

^{(28) 29}th Governors' Report, 1929.

⁽²⁹⁾ Puerto Rico Trade, published by the National City Branch of New York, 1934.

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DOCAROL

The Torage Industry, like the sugar industry, her developed rapidly since 1900. In the year 1890, according the the census, only 5,698 acres were under cultivation. In 1929, it had expanded to 29,408 acres. (27) In the year 1938 exports of totage to leaf were 23,694,147; Tobacco scrap, stems, etc., 5708,468; Cigars, 1,214,589; Cigarettes, 43,036 and other topacco products, 1,815. (28)

The reduction in exports value for the last few years has been marked. Tobseno production for 1828-88 was 29,057,020 points valued at 16,814,454; in 1828-26, about 22,000,000 pounds were produced and the amount exported was valued at 280,777,837; and in 1826-27, 50,000,000 pounds with exports valued at 22,860,072. (29) Compared to in exports is staggering.

SWOTTIGNED STATEMENT

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⁽²⁷⁾ Diffile & Diffile & Broken Fledge' F. 68.

^{(88) 29}th Governous' Megort, 1989.

⁽²⁸⁾ Puerto Higo Trade, published by the Astlonel City Franch of Lew York, 1834.

President of the United States. (30) He points out that
the growers were unable to sell their product because of
the high quality of the tobacco and the low prices offered.
Under such conditions the cultivators would not get enough
to even pay for the labor involved. They withheld a part of
the crop from the market and while waiting for higher prices
refrained from further planting to prevent glutting the market.

The author has often driven across the Island and recalls how many years ago the tobacco districts gave the appearance of snow covered fields. Mosquito nets are used to cover the tobacco plants and protect them. The white cloth creates an interesting and striking contrast against the green of the vegetation. Two summers ago it was difficult to find a planted field.

The following up-to-date exhibit will give a fairly accurate picture of tobacco production in Puerto Rico. It will be noticed that it does not agree in figures with others already given and obtained from former Governors' Reports, but gives a relation of production to price paid per pound of tobacco. That indicates why tobacco production had to be reduced.

^{(30) 31}st Annual Report of Gov. of P. R. P. 2.

President of the United States. (50) He reints out that
the growers were unable to sell their product because of
the high quality of the tobacco and the low poless offered.
Under such conditions the outsive tors would not get enough
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^{(30) 31}sh Aunual Maport of Gov. of P. I. F. C.

	STATISTICAL	DATA ON TO	BACCO, 192	1-1933	
Year	Acreage Planted	Product	ion Prod	verage ution Cda.	Average Price per pound paid to the tobacco growers
THAT IS A SHEET		(Lbs	.)	(Lbs.)	(%)
1921 1922 1923 1924 1925 1926 1927 1928 1929 1931 1932	% 35,000 % 41,500 % 40,000 x 34,023 x 58,000 x 81,900 x 40,345	* 22,50 % 26,00 % 25,00 x 23,00 x 36,00 x 50,00 x 27,00 x 28,00 x 32,50 % 37,30 & 5,50	00,000 00,000 00,000 00,000 00,000 00,000 00,000 00,000	625 642 626 625 676 620 614 671 669 753 745 545 671	\$.2193 .2476 .2970 .2050 .3107 .3915 .2200 .2500 .2300 .2800 .2000 .1400 .1500

- (%) Information from the Commission for the Protection of Puerto Rican Tobacco.
- (x) Information from the Department of Agriculture and Commerce.
- (&) Estimate, Department of Agriculture and Commerce.
- (*) Estimate, Department of Agriculture and Commerce.

THE TOBACCO MARKET

With a depression and a shrinkage of incomes, people stopped buying those products that were high priced and those they could do without Sales of expensive brands of cigars were drastically reduced. The cheaper product served the purpose and it was what the people demanded.

It even became a matter of joke the saying, "What this country needs is a good five cent cigar". The phrase is however the explanation for the fall of tobacco exports

		COUNTRY CONTRACTOR			
Average per round from naid to the per Cda. toleaco		Eroduction		rsay	
	(1.851)	(.851)			
861x.4 9782. 0782. 0802. 7018. 8195. 0038. 0038. 0008. 0008.		* 25,000,000 * 25,000,000 * 25,000,000 * 25,000,000 * 35,000,000 * 27,000,000 * 28,000,000 * 28,000,000 * 28,000,000 * 28,000,000 * 28,000,000 * 27,500,000 * 27,500,000	\$ 40,000 \$ 55,000 \$ 41,500 \$ 24,000 \$ 54,000 \$ 10,000 \$ 45,312 \$ 45,312 \$ 10,000 \$ 10,000	1000	

- (%) Information from the Commission for the Protection of Puerto Fleen Tokacco.
- astance, but emuliables to decembered and mort meldantotal (x)
 - (5) Estimate, Department of agriculture and Commence.
 - (w) Estimate, Department of Agriculture and Commune.

TAMMA OUDLAST SET

With a depression and a simintage of incomes, people atopped buying those products that were high priced and those they could downthout Galles of expensive brands of cirars were drestically reduced. The cheaper produced.

this country needs is a good five cent class. The phrase is however the explanation for the fall of tolacco exports

from Puerto Rico. The Island tobacco exports are made to nearly 100 per cent to the United States, and the United States was out to give the public what they were demanding, a good five cent cigar. Cremo and many others went immediately into the field. In order to do this and still maintain a reasonable margin of profit, the cigar manufacturers needed cheap tobacco. The Puerto Rican producer could not meet this demand. They had tobacco, but one of high quality which at called for higher prices. The result was that Puerto Rico had to curtail the cultivation of the fragant leaf.

PORTO RICO-AMERICAN TOBACCO COMPANY

The Porto-Rico-American Tobacco Company owns all the stock of the Porto Rico-American Tobacco Company of Porto Rico, half the capital stock of the Porto Rican American Leaf Tobacco Company, and controls the Congress Cigar Company. In this manner they own and have leases on some of the best tobacco lands of the Island, at Cayey and Cidra.

Absentee ownership of land in this field is not as great as in sugar, but factory ownership is about 85 per cent American. (31)

Control over the industry has been noticed.

The tobacco planters disregarding to meet and market through an Association, were left much in the power of the Porto Rico-American Tobacco Company, which paid the prices they

⁽³¹⁾ Diffie and Diffie P. 150.

from Fuerto Mico. The Island tobacco exports are made to meerly 100 per cent to the united States, and the United States was out to give the public what they were demending, a good five cent cigar. Oremo end many others went immediately into the field. In order to do this and still maintain a reasonable margin of profit, the cigar manufacturers needed chest tobacco. The Fuerto Mican producer could not meet this demand. They had tobacco, tut one of high quality which called for higher prices. The result was that Fuerto mich called for higher prices. The result was that Fuerto mich called for higher prices.

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The tobacco planters disregarding to meet and market through an Association, were left much in the power of the forto dico-American Tobacco Company, which paid the price they

⁽²¹⁾ Diffite and Diffite P. 18G.

wanted. Conditions are changing; growers have realized the wisdom of planting and marketing by agreements and are turning towards associations. In this manner they can obtain better prices.

RESEARCH

The Government is giving assistance to the tobacco growers. Three and a half kilometers out of Caguas, in what is known as Canaboncito, stands "Granja de Tabaco del Gobierno de Puerto Rico". (32) The purpose of this experimental station is to cross and obtain good standard varieties, and to obtain seeds. Mr. F. H. Binker, a tobacco specialist well known in the United States is in charge. From information he made public, we learn that there are 222 different varieties and crosses of tobacco plant under study at the station. The intentions are to obtain one or two varieties that will be of high quality and render more returns. The Departamento de Agricultura y Comercio del Gobierno Insular" has varieties they consider standard, Virginia No. 9 and U. X. No. 1. These are the best varieties at present obtainable. The station is not only trying to improve on them, but also to induce tobacco cultivators to adopt these varieties.

THE FUTURE

With a return to prosperity, tobacco will again resume its importance in the Puerto Rico trade. The Growers Association is necessary and the government should assist

(32) Puerto Rico Illustrads Dec. 1933.

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wanted. Conditions are changing, growers have realized the wisdom of planting and marketine or agreement: and are turning towards associations. In this names they out obtain better prices.

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bacco growers. Three and a haif dilometers out of Causa, in what is morn as Canal choice, stands "Crania de Tabacc del Golderno de l'uerto (120) . (32) The purpose of this verieties, and to obtain seeds. Mr. F. H. Binker, a tocherge. From information he made public, we learn that plant under study at the station. The intentions are to and render more returns. The Departmento de farloud turn sider standard. Virginia No. 9 and U. L. No. 1. These are the rest varieties at present obtainable. The station is t con cultivetors to adopt these varieties.

THE DAY IN

With a return to prosperity, tobacco will again remume its importance in the Justic Mico trade. The Growers association is thecesesty, and the government should essist

(33) Post o des Illustrate Dec. 1935.

that growers in forming efficient cooperative organizations. The standardization of varieties and cultivation of those that will conform with the present demand is preeminent. To remain in a field that has little demand has been a mistake for Puerto Rico. Exhibit No. III shows the relation of acreage planted to production in pounds. It will be noticed that for over a period of thirteen years they have moved in almost perfect coordination. Therefore it shows no increase in yield. A correction of this continuous proportion is what is needed and for this end it is that better that varieties should be planted, varieties that increase yield and find a market. Otherwise Puerto Rico will be pacing over and over the same difficulties in the tobacco industry. staggering drop in production in the year 1931-1932 should be a lesson not to be forgotten, but one that will be useful for future planning. The increase 1933 shows is encouraging, and indicates further increases, but the proportion of yield to acreage planted remains almost equal. Correct this constant relation and make it move to a more profitable position.

COFFEE

The history of the coffee industry is indeed much different from that of the sugar industry. Whereas sugar has developed rapidly from its unimportant position into the chief source of income for the Island, coffee has fallen from the heights it attained in former years to rock bottom.

that crowers in forming of Mulent conductive organ cetions. that will conform with the crescut demand is present. makete for Puerto Rico. Englore W. III somme the reletion of sareage planted to production to pounds. It will be eved year energy newfithing to boliss a new rol tent beetfor avois the almost perfect confinction. Therefore it shows no thousand in yield. A correction of this continuous orethet vertes should be classed, vertestes that independently and I nd a market. Otherwise marks also will be paster over end over the same difficulties in the tobecon industry. The future dianning. The Lacresce 1935 move is encouraging, and indicates further increases, but the monution of vield to errage of and remote almost squal. Correct this to mattant manation and make to move to a move or of tooler cost tion.

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Nothing is more eloquent than a chart representing the coffee exports for the Island. Exhibit No. W shows the Puerto Rico exports of coffee for sixty-three years. Even in 1870 Puerto Rico exported about twenty million pounds, while in 1933 the exports barely keep away from the base line. Coffee is even being imported from the United States after the continent purchases it from Brazil. What is wrong with the coffee industry? Surely there is a market in the United States for Puerto Rican coffee. The least that Puerto Rico could do is to produce all that is consumed on the Island.

COFFEE ACREAGE REDUCED

Coffee was Puerto Rico's primary source of wealth before the Island became a possession of the United States. With the tariff protection offered to the products of the Island, sugar began to expand. At first the acreage dedicated to coffee was not affected, There was other soil that could be added to the sugar acreage without interfering with that of coffee. Expansion however continued for the new industry, and coffee finally was forced to make way for the more profitable industry. No doubt the length of time it requires to place a coffee plantation on a profitable standing made the farmers cautious in shifting to a new industry. Exhibit No. // shows the rapid development started in 1920. Profits were exorbitant; sugar corporations paid dividends as high

Nothing is more elegant than a chart representing the coffee exports for the latend. Exhibit No. W shows the fuerto Rice exports of coffee for sisty-chare years. Even in 1870 fuerto dec exports bearly nearly million pounds, while in 1953 the exports barely ucep away from the base line. Coffee is even being impured from the United States after the continent purchases it from rether is a market in the United States for fuerto mican there is a market in the United States for fuerto mican coffee. The least that Ruerto died chates for fuerto mican dues all that is consumed on the Island.

COSTESS ACCESSES MEDUCED

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as 115% in the case of the South Porto Rico Sugar Company. (33). The sugar craze was on; the white gold of the tropics was flowing freely. For that same year coffee production began to decrease. (Notice chart on coffee exports). Coffee profits were small, and in the case of many growers there even were losses. The following quotation indicates the conditions.

It is a fact generally understood that coffee planting has had a precarious existence for several years. Very few planters are truly owners of their property.

Many of them are perforce tenants at will working for the benefit of the creditors to whom their plantations are mortgaged. But all have lost hope of securing remunerative prices, and are abandoning their lands to the hands of nature, merely performing the indispensable labor of weeding, picking the best of the crop and marketing it... The product per cuerda, including the best lands, fluctuates in the neighborhood of two hundredweight, and at present prices do not pay for the cost of keeping up the plantation. (34)

Even though conditions did not favor the production of coffee, many growers stayed in the fields.

Little did they realize what the future had in store for them.

⁽³³⁾ Diffie & Diffie "A Broken Pledge" P. 63

⁽³⁴⁾ Septimo Informe Anual del Negociado del Trabajo dirigida a la Asamblea Legislative de Puerto Rico, 1920, PP. 35-36

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⁽³³⁾ pittie & mittin "A droken Fladge" I. 65

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Maco, 1920, PF 35-50

HURRICANE OF 1928

In the year 1928, San Felipe (hurricanes are named after the patron saint of the day the hurricane comes) destroyed in wholesale fashion shade trees and coffee plantations. In June 30, 1931, The Governor's report places special emphasis on the damage done by the hurricane in respect to coffee.

COFFEE CULTIVATION

Why is it that coffee feels so intensively the effects of a hurricane? Coffee plants need from four to six years to pay for their cost of cultivation, and from eight to ten years before the farmers get into the clear as far as the money he has invested during early years is concerned. Because it takes that long before profits begin to accrue, he fears the planting of coffee.

COFFEE MARKET

Puerto Rico. Of all exports, the one that was hardly bought by the United States was coffee. The American public is educated to drink coffee of poorer quality, Prazilian coffee which cannot compete in quality with that of Puerto Rico. Coffee exports of the Island were mainly to Europe and Cuba. The following quotation analyzes the exports and demonstrates that Puerto Rico has no alternative, but to agree to the futility of optimism for the present concerning the industry.

In the year 1918, San feller (hurrlesnes are named effer the patron saint of the day the hurrlesne comes) destroyed in wholesale fashion shade trong and deffer places are for June 30, 1931, The Governor's report places are lateral emphasis on the damage done by the hurrlesne in respect to coffee.

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Why is it that coffee fools so intensively the effects of a hurricene? Coffee plants west from four to six years tor their cost of cultivation, and from eight to ten years before the farmers get into the clear as for one has invested during early years in concerned. Seconds it this that long telore profits here years the planting of coffee.

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In 1925-1926 we reported optimistically as to the future of coffee on this Island. Within a few years our exports of coffee fell to 14,837,436 pounds in 1922-1923. The total value of our exports likewise increased from \$2,780,912 in 1922-1923 to \$7,082,714 in 1925-1926. Considering these facts we had sufficient reason to be optimistic.

pounds valued at \$5,626,302. This represents a decline of 28 per cent in quantity, and 20.7 percent in value for the previous year. Germany took 25.35 per cent of air coffee, Cuba 24.86 per cent, Spain 20.24 per cent, Italy 11.59 per cent, Low Countries 7.44 per cent, France 3.54 per cent, and Switzerland 2.03 per cent. The coffee consumed in the United States does not merit mention as it is extremely small.

Our exports of coffee to Cuba have declined appallingly (i.e. from nearly 88 per cent of the Island's exports, or 11,500,000 pounds in 1924-25 to less than 25 per cent of the Island's exports or under 5,000,000 pounds in 1926-27.) Cuba was the most important consumer of our coffee. She is laboring to develop the cultivation of this crop in her province of Oriente." (35)

⁽³⁵⁾ Informe del Comisionade de Agriculture y Trabajo al Trabajo al honarable Gobernador de Puerto Rico, 1926-27, PP. 21-22.

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the films of coffee on this Island. Within a fee years our afterts of notice fell to 14,437,436 counds in 1922-1928.
The total value of our exports likewise incressed from \$2,760,912 in 1922-1925 to \$7,042,714 im 1925-1926. Constidering these sacts we had sufficient remain to be optimistic.
"The total coffee for the years was 18,961,309

pounds valued at 35,326,308. This represents a decline of 25 per cent in quantity, and 20.7 percent in value for the provious year. Germany took 25.55 per cent of mr owles, Oute 24.86 per cent, Seath 20.24 per cent, Italy 11.58 per cent, Low Chun ries 7.44 per cent, France 3.54 per cent, and 3witgerland 2.55 per cent. The cent's consumed in the United States does not merit wested en it is expressly susli.

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⁽³⁵⁾ InCome del Comisionede de Agriculture y Travelo el Travelo el bonerable Cobernador de Fuerto Elco.

HURRICANE OF 1932

The latest natural destructive force felt in Puerto Puerto Rico was the hurricane of 1932. To add to the many hardships that the Island has been through, this terrific hurricane came, that laid waste to millions of dollars worth of property. The coffee crop again suffered the onslaught of the high velocity of the wind. The little that had been replanted was destroyed. The high hopes that the growers had for a good season were ruined.

IMPORTANCE OF COFFEE

To realize the importance of coffee in determining the future of the Island we must understand that

Puerto Rico has a vest majority of the Island under cultivation. For this purpose forests need to be eliminated to make ground for the crops, but without forests Puerto Rico would be a desert, and agriculture impossible. A substitute is necessary for forests. Here lies the great importance of coffee. Coffee is an agricultural product, one that predicates a forest or its equivalent. (36) Coffee is planted under trees that supply the necessary shadow for its cultivation. With this combination the Island would be in a position to maintain its agricultural scale.

COFFEE PLANTATION EMPLOYMENT

Moreover, there is another favorable factor to coffee planting, employment. The plantations give labor to a

⁽³⁶⁾ An. Rep. of the Gov. of P. R. PP. 2-3. - 1931

The latest name at 1952. To add to bis many bardening that the laterians of 1952. To add to bis many bardenings that the Island has been through, this terrific bearstoads came, that laid whate to militime of dollars worth of property. The coffee arop again suffered the engley of the wind. The little that the engley of the wind. The little that the growers had for a good seeson were mined.

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Marsover, there is notien favorable factor to

⁽³⁶⁾ An. Hop. of the Bov. of P. E. PP. 2-5. - 1981

large number of workers, and the simplicity of the labor makes it possible to employ men, women and children. may be criticized that the author mentions child labor, but I desire to explain that Puerto Rican country people who would supply the labor are extremely poor and must make the most out of their incomes. Why not, therefore, allow all the members of the family to contribute to the family budget? Only very recently the consideration of the Child Labor Problem came up and the number of educators that opposed the restriction of it was considerable. Dean Lord, of Boston University, was quoted by Boston newspapers, giving his opinion on the matter. pointed out that it was necessary to afford means by which those of less financial resources could afford a satisfactory education. The situation in Puerto Rico makes it still more essential to permit child labor. For the present let it stand that education needs further encouragement on the Island. The matter will be dealt with in detail later.

THE FUTURE

The fact that coffee may solve the forest predicament, and that it affords adequate employment are not sufficient to encourage the industry to develop. There must be profits as an incentive. Profits will determine whether coffee will start on a recovery dirve or be forgotten in Puerto Rico. To decide on the future it is

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must be orally as an incentive. Profits all determine
shother deffee will stept on a recovery dirve or be forgotten in Suerto Nico. To decide on the future it is

therefore essential to determine whether there may be profits in the industry.

"While the area in coffee may be curtailed rather than extended, yields per acre can probably be doubled or even quadrupled by well tested improvements in plantation practice such as scientific seed selection, better seed distribution, pruning, and fertilizing, all of which are now neglected. Intercropping of fruit with coffee has been suggested and to some extent tried as a means of increasing the income per acre in certain districts, but thus far the methods employed have not proven entirely satisfactory." (37)

Clark considers the possibility of reducing the coffee acreage, yet shows very clearly the possibilities of the industry. He mentions that the scientific cultivation of coffee had always been neglected in Puerto Rico, and on this point the author is quite sure, for he has seen many a plantation under extremely poor care. That pruning, seed selection, better tree distribution and fertilizing will help is reasonable.

The encouragement the government is giving the farmers is very significant. It has undertaken scientific experimenting under the conviction that coffee can bring profits. The number of seedlings from beds distributed during the year 1931 ending June 30 carries conviction. The following report on coffee seed beds will help explain the situation.

Refer to Exhibit No. V (37) Clark & Ass. P.R. and its Problems. P. 489.

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FRUITS

Citrous fruit cultivation is comparatively recent. The road between Bayamon and Comerio has on both sides extensive plains dedicated to fruit growing. Oranges, grapefruit, and pineapple comprise the major portion of this industry. The farmers, who are mostly Americans, have proven the value of this land. "They live in comfortable dwellings, in many cases provided with all modern conveniences. They have proven the country a pleasant place to live in. The growers are mostly Americans who came to the Island years ago. They represent a progressive element in our agriculture. The development of our fruit industry has been due in great part to the fact that the farmers actually live on the farms. Our native farmers in general present a marked contrast with the continental fruit growers. Our native farmer, as soon as the farm begins to produce a fair income, has a decided tendency to move to the town, to enjoy modern conveniences and pleasures of life." (38)

Why the industry has not developed before may be partly explained by the lack of information of the "jabaro" on the intricate details of grading, packing, marketing, and taste requirements of the markets. But this hardly explains why educated Islanders have not entered the industry.

⁽³⁸⁾ Commissioner of Agriculture and Labor Report, 1924-25.
P. 43.

cent. The read between favenen und Comerio has on both portion of this industry. The formers, we have mostly with all modern conveniences. They have proven the country a nicesont place to live in. The movers are mostly inericans who care o the laland years ago. That represent a progressive element in our Arriculture. The -nes billion of insears in general present a larged conjoy modern conveniences and pleasures of life." (3)

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⁽³⁸⁾ Commissioner of Agriculture and Labor Report, 1984-85.

FRUIT EXPORTS

Exports to the United States in this industry for the fiscal year 1932-1933 were in oranges, 13,548 boxes valued at \$38,770; grapefruit, 266,422 boxes valued at \$805,568; pineapples, 409,868 crates valued at \$1,212,658, and other fresh fruits, \$359. (39)

Canned grapefruits, pineapples, and grapefruit juice are also exported, their value being over one-hundred thousand dollars.

The fruit exports from 1921-1932 are:
THE WORLD ALMANAC, 1933----Page 572

FRUIT EXPORTS

	Dollars
1920	
	4,570,359
	3,807,567
	4,202,840
	6,009,090
1927	
1928	6,347,000
1929	
	4,573,789
	7,101,617
200000000000000000000000000000000000000	

FRUIT INDUSTRY RISKS

This crop, like coffee, is exposed to hurricanes and other wind hazards. The last few years are cruel
testimony to the fact. One hurricane in 1928, and another
one in 1932 both played havoc on the Island. As a result, the industry has to pay heavy insurance premiums

^{(39) 33}rd Annual Report of the Gov. of P. R. 1933

STREETS STURE

exposite to the United States in this industry

for the fiscal year 1832-1935 mere is oranges, 13,568 boxes valued at 432,770; grapofruit, 266,482 boxes valued at 4805,565; pinearples, 403,868 drates valued at 41,818,5 and other fresh fruits, (359.

Canned grapefruits, pineapples, and grapefruit juice are also experted, their value being over one-hundred thousand dollars.

The fruit experts from 1321-1932 are:

CTIONE TIME

897,887,8	 	 	1980
DESERTED LEGG	 	 	
. BBO, TBB, B.	 	 	1922
800 x 11 15 x 2.	 	 	
788,708,7	 	 	1924
OA8,808, B.	 	 	1928
880,008,6	 	 	1927
000,748,9	 	 	1.988
859,848,5	 	 	1829
	 * * * * * *	 	· · · · · · · · · · · · · · · · · · ·
95 - CAS - V	 	 	1931
	 	 	1938

PRILIT INDUSTRY ILSES

This erop, like correct to exposed as marricames and other wind hazards. The last few years are cruel
testimony to the fact. One hurricane in 1818, and aposier
one in 1932 toth played havoc on the Telend. As a result, the industry has to say heavy insurance president

⁽SS) 33rd Annual Report of the Gov. of F. H. 1923

which are a burden in production costs. This condition, however, is shared by all Caribbean neighbors and Florida.

Another difficulty is the possibility of an unfavorable market. It cannot be forced to change, but by means of refrigeration, marketing may be delayed until conditions are more favorable. The fruit growers have formed a very beneficial association in this respect. The association helps to market the product and has storage facilities for maintaining the fruit in condition until time to ship it.

THE FUTURE

The fruit industry has not yet reached its peak by far. The possibilities are promising, due to consideration being given to research and further perfection of varieties. Because of the fact that fruit exports may be intercropped with coffee, these two industries present a satisfactory relation to Puerto Rico and may be closely associated in the future with Puerto Rican development.

OTHER FRUIT INDUSTRIES

Among the other, fruits grown on the Island are bananas, cocoanuts, caco beans, avocados and ginger roots. Of all these fruits, cocoanuts are the most important as to value of exports, which in 1933 were \$152,055. They are shipped in the shell to reduce freight charges, and to

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unfavorable market. It cannot be fouced to charge, out by means of refrigeration, marketing may be deleyed until occuditions are more favorable. The fruit growers have formed a very beneficial association in this respect. The association into this respect. The faultities for maintaint the product and has storage time to ship it.

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CIRTH PROTE TRIUBERIES

Among the other from the grown on the laland are bananas, coccanuta, caco beans, avopeded and gloger roots.

Of all these fruits, coccanuta are the most important as to value of exports, which in 1935 were vibe.055. They are shipped in the abeli to reduce freight charges, and to

take advantage of the cheaper labor on the Island. Coconut trees grow near the coast. As a result of the hurricane of 1932, losses in tress were heavy.

"Over a third of the coconut trees were destroyed and it will require seven years for replacement." (40)

VEGETABLES AND GRAINS

Little consideration has ever been given to the possibilities of vetetable growing on a sufficient scale to take care of home consumption and exports. Puerto Rico has been importing vegetables and grains in large amounts. In 1932-1933, even though imports were lower than in former years, imports of rice alone were 243,532,018 pounds, valued at \$5,016,796. (41) Dried beans are another one of the largest items on the list of imports with 38,557,896 pounds for the same year, valued at \$1,175,774. A great portion of these imports could be produced in Puerto Rico without difficulty, especially by the small land owners.

The governor of Puerto Rico, in his annual report for 1931, referring to the vegetable market possibilities, emphasizes the tariff protestion afforded in this market to Puerto Rico. The United States imports \$12,000,000 of fresh vegetables annually. The governor mentions that the government has provided a packing house in the Isabella Irrigation district to encourage and assist in developing this market industry. For the time the report was made, things did look promising.

⁽⁴⁰⁾ The World Almanac, 1934, P. 572

^{(41) 33}rd An. Rep. of the Gov. of P.R., 1933. P. 93

In 1928-29, exports were 368,163 pounds, and for 1929-30, they had increased to 1,678,458 pounds. However, 1932 saw a reduction in exports. The upward trend resumed in the following fiscal year, exports to the United States for 1932-33 reaching almost two million pounds.

vegetables to foreign countries, exports for 1932-33 amounting to 792,511 pounds. If Puerto Rico exports this amount to foreign countries there is no reason why those to the United States cannot increase considerably, because the market is nearer, tariff protection is afforded, and there is better communication between the two countries. By calculation, the average pound value from the balance of trade for 1932-33, that of the vegetable exports to the United States is a fraction over two and a half cents higher than for foreign exports. Profits are therefore higher in exports to the United States, giving reason to concentrate in the latter market.

That Puerto Rico imports vegetables and other edibles may be explained by the preference of the people for other than native products and because the hurricanes that hit the Island force importation of food stuffs. Santo Domingo exports vananas to Puerto Rico in large amounts, but these exports are more marked after a hurricane. Following one of these destructive storms, the fruit of the plants thrown down has to be marketed as soon as possible.

In 1925-29, exports were 566,165 rounds, and for 1925-30, they ned incressed to 1.678,458 pounds. However, 1938 as we requested in exports. The upward trend resumed in the following fiscal year, exports to the United States. for 1932-55 resching shoet two million nounds.

vegetables to foreign countries, execute for 1952-35

amounting to 792.511 orands. If Puerto Aico execute this empire to foreign countries there is no reason why those to the United States cannot increase considerably, because the market is nearer, teriff protection is afforded, and there is better communication between the two countries. By calculation, the average pound value from the believe of trade for 1932-35, that of the vegetable atomit to the higher than for foreign exports. Profits are therefore higher in exports to the United States, alving reason to acceptable in the latter market.

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Domit these exports are more manked efter a nurricane. Following one of these destructive storms, the fruit of the plants torown down has to be markeded as soon as possible.

The excessive supply forces prices down, but soon the supply is exhausted and prices jump. Importation is encouraged by these conditions, resulting in that the people get used to the importation and the farmer pays little attention to replanting his farm.

ciated with the social problems of the Island. All country people and a high percentage of city people too, follow a most improper diet. The fresh vegetable seldom forms a part of the menu. A tropical Island like Puerto Rico should advocate fresh vegetables for the table, at least more frequently than used a present. the islanders claim that precisely because of the weather, heavier food is needed to supply the energy lost because of the heat. Whether the argument is reasonable or not, the fact remains that more fresh begetables should be consumed on the Island, also the market the United States affords should be further developed.

The excessive supply forces wices down, out such the supply is excessed and origes jump. Importation is accouraged by these conditions, resulting in that the parole rat used to the importation and the Parmer pays little attention to replanting his farm.

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market the United States affords should be further developed.

PART III

INDUSTRIES

It has already been mentioned that Puerto Rico depends on agriculture for the largest part of her income. The industries are however in the embryo stage.

COTTON MANUFACTURING AND EMBROIDERIES

The United States found in Puerto Rico an Island where labor is plentiful and wages low. It was therefore cheaper for American manufacturers to send material to Fuerto Rico and have the labor done by the natives. Little was it realized at the moment how profitable this was going to be or how rapidly the practice was going to expand. San Juan, Mayaguez, Ponce, Arecibo and almost all towns have "talleres" doing work for continental corporations. These corporations send material to Puerto Rico, letus say to A. Rodiquez & Co. in Martin Pena. The cloth remains owned by the American corporation and Mr. Rodriguez is responsible for it. He has a "taller", in fact the largest and most efficient is San Juan. There he hires women to do the work. Piece rate is the usual method of payment. Once the material has been turned into a dress, an apron, a handkerchief or something else, it is returned to the United States and he gets paid. Under these conditions the business has so rapidly developed that Mr. Rodriguez is unable to take care of all the orders he receives. To expand the "taller" he requires additional

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lend where labor is pleatl'ul and wares low. It was wes going to expend. Eath Jura, loyagues, conce, arestad tipental compositions. These compositions seal extended to Euerto Mico, letus say tow. Rodiques A Co. in Martin Pens. Mr. Modrigues is responsible for it. He'has : "rull a". in of percent. Once the naterial has been turned into that Mr. lodgigue is unable to take our of all the orders be negotiated a region at "relief" and Bongke of . cavitonen ad capital and more fixed investments which are not warranted. He therefore commissions representatives to do
the work for him. In small towns, an enterprising person
is approached and given work to do. These town people's
business also grows in proportion so that soon he has
machinery and a large number of workers under him. In
this fashion the embroidery business has expanded and
at present supplies thousands with labor.

It was customary to work both in silk and cotton formerly, now cotton is more popular. The reason for the change is that silk is more expensive, and a mistake on the part of the laborer is costly. Silk soils and spots very easily, and if washed to clean it, some of the luster is lost. The sender will not accept the material and requests payment. The silk work that is still done is taken care of by San Juan factories, where skilled labor is more plentiful and transportation to the interior towns is saved. The added transportation done by trucks exposes the material to soiling. The town agents do not desire to work in silk anyway, for under contract they are responsible for the material. Cotton may be washed if it should be soiled.

Exports in cotton manufactures and embroideries have been: (The value of the material is included in the figures, this value boosting the balance of trade both for imports and exports equally).

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Deports in couldness and control is included in the parties of the respect to the included in the figures, this value beauting the believe of trade both for incorts and exports equally).

Hat; (straw), dresses, men's clothing, etc.
factories are open in the larger cities of the Island.
Miranda Hnos., in Santurce has an established reputation
for its shirts.

Department Stores and men's clothing stores opened factories to supply some of their merchandise, especially that of summer wear. Gonzalez Padin Co. had a factory manufacturing the palm beach suits they sold, but discontinued it. The Cabrer Store manufactures the straw hats they sell. Although this has been a good start, further industralization is needed.

THE FUTURE

The future of laboring on continental material depend on low wages, and efficiency. As soon as labor costs rise in Puerto Rico, or they lower sufficiently in the United States, amnufacturers on the continent will stop sending material and look for a new country. The NRA, by forcing raises in salaries in the United States, helps, but similar measures are being made in Puerto Rico. The efficiency of the Puerto Rican laborer in this type of work is well known, and is a factor that widens the margin between salaries that determines a shift to a new place.

- (42) The World Almanac, 1934, P. 568.
- (43) Ibid , 1933, P. 572.

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1932......12,04,0,0,0 (42) 1931......12,043,279) (43)

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factories are open in the larger office of the island. Miramia Mnos., in Santures has an established reputation for its shirts.

Department Stores and men's clothing stores opened is to support to support to support to support the support of support

BUTTE BUT

The future of laboring on continental manerial depend on low wages, and efficiency. As soon as labor ocats rise in Fuerto Rico, or they lower sufficiently in the United States, sunufacturers on the continers will atop sending material and look for a new country. The NRA, by foreing releas in saleries to the United States, balks, by foreing releas in saleries to the United States, balks, but afficiency of the Fuerto Ricon lawers in Elds type of work is well known, and is a factor that widons are marring between saleries that Anternaines a shift to the misses.

⁽⁴²⁾ The World Almenge, 1834, 1. 568.

⁽⁴³⁾ Itid . 1053, I. 572

As long, therefore, as wages increase or decrease proportionally on both sides and at the same time, or increases more rapidly in America, the industry will benefit. The 31 hour week with higher salaries now advocated by President Franklin D. Roosevelt will naturally favor Puerto Rico.

PUERTO RICO COTTON

There is another rich possibility for Puerto Rico. The Island grows cotton which commands high prices. The cultivation however is done on a small scale and has been hindered by excessive fluctuation of prices and the "pink boll worm". Should the effort be made, a production of 20,000 to 30,000 bales could be raised without serious competition with other crops.

A COTTON MILL

The establishing of a local mill would therefore find an assured and adequate supply of raw material.

A mill of this nature would not depend on high salaries
for American labor, and it would add to the industrialization of the Island. In Puerto Rico itself there is a
market the tariff protection presents in the United States.

Other fiber plants like sisal can be grown inrestricted areas. There are further possibilities towards development of industries in Puerto Rico.

RESEARCH NEEDED

No commercial attempts have ever been made in many of the economic resources of the Island. Vanilla,

As long, therefore, as wages indreases or decreases from the cords of the same time, or inoresess more realfly in Amedica, the industry will benefit. The 31 nour week with higher salaries now edvacated by Fresident Franklip D. decreased will naturally.

fever Puerte Rico.

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The quitive tion nowever is done on a small scale and has deen almiered by bacersive fluctuation of prices and the "pluk coll worm". Should the effort be made, a production of go, quo to 50,000 bales could be raised without serious compatition with other draps.

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RESEARCH WEEDED

neng of the economic resources of the Island. Vanills.

cacao and the mulberry tree deserve consideration. The government should establish a fund for their study and encouragement if proven satisfactory commercially. They will possibly never be the primary source of income, but will be important in stabilizing the cash income of the Island, and will be a step towards diversification which is so greatly needed.

Reeling of silk could also be industrially developed. Clay molding is almost certain to prove a success if tried on a large scale. It has proven satisfactory on a small scale, and one finds in Puerto Rico a plentiful supply of the best clay.

THE GASOLINE PROBLEM

remely high prices for gasoline. The very large number of passenger cars and the large proportion of freight transportation done by trucks make gasoline a commodity which should not be monopolized. The cost should not be unreasonable. Commercial transportation is done to a great extent by gasoline propelled vehicles. In San Juan, exityty and vicinity busses of the White Star Line and the trolley cars of the Porto Rico Railway Light and Power Company are in competition for the bulk of passenger transportation, the first holding the upper hand. The price of gasoline determines greatly the ability of this company to maintain a five cent fare so important to the public. It is because of the importance of gasoline to the public that

cases and the mulberry tree deserve consideration. The government should establish a fund for their study and adcouragement if proves antisfactory commercially. They will possibly never be the orient's source of income, but will be important in steplistic, the cash income of the land, and will be a step towards diversification abide is sourceatly needed.

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the retail price should be regulated and not be allowed to fall victim of monopoly. It is true that a tax of seven cents is placed on each gallon sold and this tax necessitates an increase in price, but even this high tax does not warrant the prices now in force. This tax is known as the Gasoline Tax, by Act 40 of April 24, 1931.

Four corporations handle the gasoline in Puerto Rico, Shell Oil Co., Texas Oil Co., West India Oil Co., and Pyramid. Shell and Pyramid are Danish and English, while West India and Texas are American. All are well organized and have the backing of home corporations able to weather them through hard times.

It is improper to even consider that these corporations may have made a secret agreement, but gasoline prices were gradually increased without much show of competition or need to increase prices, until during the last months of 1933 the price was up to 31 cents a gallon. That this was an exorbitant and unreasonable price was the public belief. They had patiently stood formerly for higher prices that they considered fair to pay, but this was rather too much. A general protest was made, but no reduction followed. The public then decided on boycott. On December 28, 1933, all motor traffic was stopped. The trolley cars were forced to discontinue service, even the passenger boats between San Juan and Catano, a small town across the bay from the capital were stopped, since these boats use gasoline. San Juan was silent; many stores closed and those which did not had as customers only those who

the retail price should by required and not is lioned to fee of all victim of memopol. It is true that a tex of seven seven sents is placed as each grillian sold and this tex necessity as an increase in pulse, but even this rate tex does not warrant the prices now in force. This tex is known as the Greenline Tex, by Act 40 of April 24, 1921.

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Mr. Benjamin Horton, provisional governor of Puerto Rico at the time, since Mr. Robert H. Gore, the actual governor was on the continent, tried his best to end the boycott. Hon. Ira K. Wells, Judge of the Federal District Court of Puerto Rico advised a price of 20 cents. An investigation was made. (Ira K. Wells is at present retired). Should this price be found to result in losses to the oil companies, they would be paid to cover losses. Mr. Prudencio Rivera Martinez, Secretary of Labor, proposed to the Insular Legislature that a fund be fixed for payment of possible losses so as to present further losses and complications, since all the Island had already joined in the boycott. Provisional Governor Benjamin J. Horton fixed an arbitrary price of 20 cents and ordered an investigation on December 31, 1933. The commission was to have two members appointed by the Executive Council of Puerto Rico and two representatives of the oil companies. books of the corporations are open for inspection. The provisional price was accepted by both sides until further investigation.

Looking back to former days of the gasoline history, it is noticed that the Borinquen Refining Company was started under similar conditions. It promised to be-

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Looking bank to Pormer days of the gasoline history, it is noticed that the Company was started under simpler conditions. It promised to be-

come a profitable and beneficial enterprise. The government had granted them ten years of tax exemption, and the public, tired of high prices, was desirous of assisting. The Borinquen Refining Company was organized to import crude oil, refine it, and retail the ultimate product. As it happened, the corporation failed.

There were several reasons for its failure. The corporation never did any refining, neither did they have the machinery for the cracking of oil into gasoline. The gasoline they imported for retailing dissolved tar from the sides of the boats in which it was brought, giving the gasoline a dirty brown color. The foreign oil companies based their attack on the quality of the product even though no direct advertising was ever done in that direction. The gasoline is of good quality, but the executives apparently lacking in advertising ability disregarded to launch an aggressive campaign to establish the qualities of the product and gain the confidence of the public. It can be seen that their first mistake was in not having been prepared to do actual refining. If it was necessary to sell imported gas while making ready for refining, they should have let the public know they were importing high quality gasoline until ready to serve them with a native manufactured product. Again they made a mistake in choosing the site for the refining and storage. They decided on a hillside by the road between Santurce and Bayamon, a site that made necessary

dome a profiterle and cencicial enterprise. The government man granted shem ten years of tex execution, and the
publicatives of high prices, was desirous of satisfing.
The berinques helining Company was organized to import
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large capital investments to prepare navigable channels for incoming boats with the crude oil. The site was distant from San Juan, and labor was inadequate.

Assisted by the strong financial backing of the home corporations, the foreign companies were able to meet competition and could afford to lose money. When the Borinquen Refining Company finally ran out of funds and failed, the foreign companies raised prices, and they no doubt made up shortly for what had been lost during those days of severe competition.

With the present investigation going on, various proposals have been made to solve the gasoline problem. One is the revival of the Boringuen Refining Company by having the government undertake it. With the price now at 23 1/2 cents, the government realizes it would be a good business to refine gasoline. The revival seems commendable, but not to be undertaken by the government. Private citizens should be encouraged to undertake the business. In the hands of the government it would turn out to be just another place where politicians could get a job. Politicians are seldom good economists anyway. Such an enterprise would not only bring better competition, which is the true regulating force of the price of gasoline, but would also add another industry to Puerto Rico which needs it to give employment to its numerous citizens and it would be a wonderful large on the investments to cropero nevigable sennels
for incoming costs with the cross oil. They altering
distant from San Juan, and labor was inclousts.

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Gov. General Blanton Winship is in sympathy with the gasoline consumers and it is to be hoped a satisfactory solution will come out of this predicament.

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PART IV

FINANCIAL CONDITIONS AND INSTITUTIONS IN PUERTO RICO

Trade

been a favorable one for all occasions except three, since 1902. Exhibit No.// shows the exports and imports for Puerto Rico from 1925 to June 30, 1933. (44) The exports are greatest during the first months of the year, as a result of the sugar exports which constitute the most important item. Imports are greatest for the last months, this being explained by imports for Christmas time and the annual carnival (similar to Ithe Mardi Gras in New Orleans).

Trade with the United States

in trading with the United States, Exhibits No. X' and No. X are included. In the year 1931, Puerto Rico purchased more than any other Latin American Republic. Purchases were over \$60,000,000. In 1932, Puerto Rico still holds the first position. Its purchases in dollars have fallen to less than fifty millions, but Mexico, the second in rank, is far behind. How many realized this fact is difficult to say, but it is certain that not many Americans are conscious of the importance of Puerto Rico as a customer for their goods.

^{(44) 33}rd Annual Report of the Gov. of P.R., 1933, Ex. 33

PTHANGIAL CONDITIONS AND INSTITUTIONS IN PURRITO RICO

Trade

The visible balance of trade for Puerto Hico has been a favorable one for all accessions except three; since 1902. Exhibit No. [X] shows the exports and imports for Puerto Rico from 1925 to June 30, 1933. (1) The exports are greatest during the first months of the year, as a result of the sugar exports which constitute the most important item. Imports are greatest for the last months, this being explained by imports for Christmas time and the annual carnival (similar to Mas Mascil Gres in New Orleans).

Trade with the United States

To make more comprehensible the status of Fuerto Rico in trading with the United States, Exhibits No. 1 and No. 1 are included. In the year 1931, Fuerto Rico purchased more than any other Latin American Republic. Furchases were over \$60,000,000. In 1932, Puerto Rico still holds the first position. Its purchases in dollars have fallen to less than fifty millions, but Mexico, the second in rank, is far behind. How many realized this fact is difficult to say, but it is certain that not many as a customer for their goods.

^{(44) 5398} Annual Report of the Cov. of F.S., 1005, Fr. 33

In reference to world trade of the United States, again Puerto Rico shows a high classification. It is eighth as an importer and seventh as an exporter to the United States.

PUERTO RICO'S PLACE IN THE EXTERIOR TRADE OF THE UNITED STATES

	Shipments	from the United	States
5744	Countries	1931	1932
2.3.4.5.6.7.8.9.	United Kingdom Canada Japan Germany France China Italy Puerto Rico Netherlands Sov. Russia	\$445,974,000 296,355,000 155,715,000 166,050,000 121,820,000 97,923,000 54,815,000 60,637,000 65,590,000 103,486,000	\$288,326,000 241,351,000 134,545,000 133,417,000 111,561,000 56,171,000 49,135,000 48,780,141 45,254,000 12,466,000

Shipments	to the United	States
Countries	1931	1932
1. Canada	\$266,268,000 206,349,000 110,212,000 87,133,000 135,452,000 127,039,000 87,912,000 75,482,000 90,059,000 82,073,000	\$174,101,000 134,011,000 82,139,000 80,877,000 74,631,000 73,572,000 73,388,000 60,846,000 58,330,000 34,806,000

The above table leaves no doubt as to the importance of Puerto Rico in trade with The United States. It was copied from the governor's report for 1933, to the United States.

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PUERTO RICO'S PLACE IN THE EXTERIOR TRADE OF THE UNITED STATES

103,486,000

12,466,000

1 States 1932	s from the United 1931	Countries
\$288,326,000 241,351,000 134,545,000 138,417,000 111,561,000 56,171,000 49,135,000 48,780,141	\$445,974,000 296,355,000 155,715,000 186,050,000 121,820,000 97,923,000 54,815,000 60,637,000	1. United Kingdom 2. Canada 3. Japan 4. Germany 5. France 6. China 7. Italy 8. Puerto Rico 9. Netherlands

10. Sov. Russia.....

 States	to the United	Shipments
1932	Taet	Countries
\$174,101,000 134,011,000 82,189,000 80,877,000 74,631,000 73,572,000 73,388,000 60,846,000 58,380,000 34,806,000	\$266,268,000 206,349,000 110,212,000 87,138,000 127,039,000 127,039,000 75,482,000 75,482,000 90,059,000	1. Canada

The above table leaves no doubt as to the importance of Fuerto Rico in trade with The United States. It was copied from the governor's report for 1933, to the United States.

The high rank may be traced to the tariff protection given the Island. To show the effectiveness of the tariff, the following table is copied from the same source:

TRADE BETWEEN PUERTO RICO, THE UNITED STATES AND FOREIGN COUNTRIES

Merchandise F.	Y. 1932-33
From United States	\$48,886,644 73,388,298 5,859,067 2,018,157
Total	\$130,152,166

Nature of Trade

The nature of the trade shows a very significant fact. The balance of trade as reported for 1933 by the governor of Puerto Rico, takes eleven and one half pages to list the nature of the articles purchased by Puerto Rico from the United States. The list of those exported to the United States is little more than one page. We may therefore say that Puerto Rico is highly specialized and as a result is in need to import a great variety of items. A similar situation is found with exports to foreign countries.

The condition has already been noticed in vegetables.

The dependence on foreign countries has already placed
the Island in predicaments. During the World War there
was a shortage of vegetables that the Island was forced

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Mature of Trade

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The dependence on foreign countries has already placed the Island in predicaments. During the World War there was a shortage of vegetables that the Island was forced

to meet.

The Invisible Balance of Trade.

The true balance of trade that Puerto Rico has had every year is not known by the public. Only those who make extensive investigations and calculations get to the truth. The balance of trade that is presented to the people contains the visible items, the invisible remain a mystery. The difficulty of obtaining data of this nature makes it hard to publish a true balance. Guesses are necessary, and these may be far from accurate.

Clark and Associates made extensive studies of the trade conditions, and included in their book, "Porto Rico and its Problems", page 414, an account of the invisible items and its effects on the Puerto Rican trade. The study was made for 1928, when a visible favorable balance of trade was annnounced. Their detailed report is here given.

"INTERNATIONAL" INCOME ACCOUNT, YEAR ENDING
JUNE 30,1928
(Figures are given in 1000's)

OPERATIONS RESULTING IN NET INCOME TO PORTO RICO:

Commodity trade:
Recorded exports of commodities \$163,535
Sales of bunker coal and oil... 827
Ship chandlery and ship repairs 50
\$104,412
Less:
Recorded imports of commodities 92,342
Contraband imports of liquor... 1,000 93,342
\$11,070
Gifts and contributions:

to meet.

The Invisible Balance of Trade.

The true balance of trade that Fuerto Hico has had every year is not known by the public. Only those who make extensive investigations and calculations get to the truth. The balance of trade that is presented to the people contains the visible items, the invisible remain a mystery. The difficulty of obtaining data of this nature makes it hard to publish a true balance. Guesses are necessary, and these may be far from accurate.

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OPERATIONS RESULTING IN NET INCOME TO PORTO RICO:

		modity trade: ecorded exports of commodities \$103,535 sales of bunker coal and oil 827 thip chandlery and ship repairs 50	
11,070	93,342	Recorded imports of commodities 92,342 Contraband imports of liquor 1,000	I
	320	ts and contributions: or educational purposes oreign missions and churches	

Health	506
Federal expenditures in Porto Rico	2,712
Net total from operations listed above\$	14,688
OPERATIONS RESULTING IN NET OUTGO FROM PORTO RICO:	
Freight payments and marine insurance on imports Commissions: Payments	
Remittances: Sent to Porto Ricans living outside the Island	200
Tourist trade: Outgo by Porto Ricans	302
Insurance transactions (exclusive of marine) Motion pictures royalties Cable and radio charges Lottery tickets Interest, dividends, and rents paid to:	1,980 160 247 1,000
Continental and foreign investors by Porto Rican goverment. \$2,072 Federal Land Bank and Intermediate Credit Bank 676 Continental and foreign investors by private persons and corporations	
Less amounts received by: Insular goverment on exter- nal investments	11,019
Net total for items listed above	
Net DEFICIENCY for all trade and service operations\$	

70	Healthscientific researchscientific research
	Federal expenditures in Porto Rico
814,688	Net total from operations listed above
RICO:	OPERATIONS RESULTING IN NET OUTGO FROM PORTO
4,290	Freight payments and marine insurance on im Commissions: Payments
100 4,190	Less receipts
1,232	Remittances: Sent to Porto Ricans living outside the Island
308	Tourist trade:
582 472 110	Outgo by Porto Ricans
160	Insurance transactions (exclusive of marine Motion pictures royalties
	tors by Porto Rican goverment. \$2,072 Federal Land Bank and Inter-
	mediate Credit Bank 676 Continental and foreign inves- tors by private persons and
12,148	00P.0 9.400
	Less amounts received by: Insular goverment on exter- nal investments 35 Private persons and corpora- tions on external investments 1.094
1,129	
	Miscellaneous items of outgo
840,888	Net total for items listed above
610,357	Net DEFICIENCY for all trade and service operations

If in a year when Puerto Rico had a favorable visible balance of trade of more than ten million dollars, it actually turns into an unfavorable balance when the invisible items are considered, we then wonder if the tariff protection given by the United States is beneficial to Puerto Rico.

Settlement of Unfavorable Balance

We have already seen how Puerto Rico had an unfavorable balance of trade when supposedly the opposite was true. These conditions will naturally not hold true every year, but it is the case in a majority of years.

Professor Rafael de J. Cordero, who gave much valuable assistance to Diffie and Diffie, in collecting information for their book, "Porto Rico, A Broken Pledge", expressed himself in the following manner at a economics class in the University of Puerto Rico, which the author attended:

Puerto Rico has no gold mines, no source for filling the vaults of the treasury. Since we have every year, or practically every year an unfavorable balance of trade, payments have to be made. Between England and the United States, a shipment of gold would clear the balance due, supposing there was no restriction on gold exportation. Because Puerto Rico has no gold, our only methods of paying the unfavorable balances is either by borrowing or by transferring ownership of a part of the land, or

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buildings or other forms of wealth. In this fashion Puerto Rico continues to pass into the hands of outsiders.

They invest in our land and increase its value, and soon we find that the Island is being encouraged towards further development, even though it has been having unfavorable balances of trade. The Island increases in value.

The situation sounds absurd, yet is reasonable. If Puerto Rico had favorable balances of trade, it would naturally show prosperity; if it has not a favorable one, again the condition tends to be similar, considering that further investments are made and production must increase. The only catch to this dilemma is that ownership of the Island is falling into the hands of outsiders.

Merchant Marine Act of 1920

When Puerto Rico became an American possession, they re-rie found themselves favored by tariff protection and a new market, but just as favorable factors came, also unfavorable ones appeared and had to be accepted. The Merchant Marine Act is often criticized in this respect. Under this Act, "no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States including Districts, Territories and Possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built

0 2 cm

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and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessel to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this Act..." (45)

The Act was meant to foster the American Marine.

Since Puerto Rico is an American possession, its trade
depends on American vessels. The freight charges for these
boats are much higher than those of other countries.

The effect of this Act may be noticed in the cost of transportation of rice, a food product of which Puerto Rico imported 243,532,018 pounds in 1933. Cuba, "can bring rice all the way across from the Pacific at a cost of only one-tenth of a cent a pound more than the cost of bringing it from Louisiana to Puerto Rico". When a difference of more than 13,000 miles is involved, I believe that these t freight charges are exorbitant. If conditions were different, Puerto Rico could save over two million dollars in freight for rice alone.

As a result of the Act, passenger transportation between San Juan and New York City is controlled by the New York and Porto Rico S. S. Co.. They charge exorbitant rates, about \$100 or more for first class cabins. The lack of freight keeps many steamers from ever entering port in Puerto Rico. In 1933 the Bunsen Line decided to make stops at San Juan on the way to South America from New York City to compete for passenger transportation. The news was

⁽⁴⁵⁾ Merchant Marine Act of 1920, Sec. 27.

and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessel to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this Act..." (45)

The Act was meant to foster the American Marine.

Since Puerto Rico is an American possession, its trade
depends on American vessels. The freight charges for these
bosts are much higher than those of other countries.

The effect of this Act may be noticed in the cost of transportation of rice, a food product of which Fuerto Rico imported 242,532,018 pounds in 1933. Cuba, wean bring rice all the way across from the Pacific at a cost of only one-tenth of a cent a pound more than the cost of bringing it from Louisiana to Puerto Hico**. When a difference of more than 13,000 miles is involved, I believe that those throught charges are exambitant. If conditions were different, Fuerto Rico could save over two million dollars in freight for rice alone.

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⁽⁴⁵⁾ Merchant waring act of 1920, Sec. 27.

gladly received by all islanders. Unfortunately the first of their boats, inexperienced at entering the harbor, struck low water, and had difficulty in getting out again. Rumors are that the New York and Porto Rico S. S. Line paid the Bunsen Line to stay away from the Island.

Merchant Marine Act Effect on Sugar

The protection afforded by Sugar tariff also suffers from the effects of the Merchant Marine Act. The high freight charges Puerto Rico pays are turned into unfavorable conditions for sugar exporters, as well as exporters in other crops. Quoting from Clark and Associates: (46)

"In the case of sugar, for example, the Cuban rate on raw sugar to New York is 10 to 11 cents a hundred, while the corresponding rate from Puerto Rico is 15 cents, and on refined sugar the rate from Cuba is around 13 cents and from Puerto Rico around 21 cents".

Import Duties

Furthermore, Puerto Rico having to ship most of its products by way of the United States, not only pays higher freight charges for American boats, but also for greater distance since they go by way of the States. Again it may be said that the handling charges of the merchandise increase expenses tremendously. Import duties on goods

⁽⁴⁶⁾ Clark & Associates, P. R. and its Problems, P. 411

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that arrive in Puerto Rico remain in the Island, which in territories go to the Federal Government (47), but if the merchandise goes first to an American port, the duties are turned over to the Treasury of the United States. Puerto Rico pays higher prices for the merchandise, but receives no revenue, and this we can say is the condition in most cases, for even the coffee Puerto Rico imports comes from the United States, and the United States does not produce coffee. Coffee imports for Puerto Rico, 1932-1933, were \$71,033. (48)

The Sugar Tariff.

A tariff on Cuban raw sugar of 1.76 cents a pound had been Puerto Rico's protection up to 1930. An increase in that tariff was recommended on many occasions. The continental sugar corporations had been exerting pressure for legislature on the matter, as a result of which an increase was obtained. To this tariff, due the rapid development of the sugar industry in Puerto Rico. The tariff legislation may be visualized from the following quotations:

"Chairman Hawley of the Committee on Ways and Means presented the Hawley Tariff bill to the House on May 7, 1929. Provision on the bill to raise the tariff on Cuban raw sugar from 1.76 cents a pound to 2.40. Oppossed by Cuban sugar interests, who claimed inability to make

⁽⁴⁷⁾ The World Almanac, 1931, P. 521

^{(48) 33}rd Annual Report of the Gov. of P.R., 1933, P. 95.

that arrive in Puerto Rico remain in the Island, which in territories go to the Federal Government (47), but if the merchandise goes first to an American port, the duties are turned over to the Treasury of the United States. Puerto Rico pays higher prices for the merchandise, but receives no revenue, and this we can say is the condition in most cases, for even the coffee Puerto Rico imports comes from the United States, and the United States does not produce coffee. Coffee imports for Fuerto Rico, 1932-1933, were \$71,033. (48)

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⁽⁴⁷⁾ The World Almente, 1551, F. 521

⁽⁴⁸⁾ Sard annuel seport of the Boy. of C. S., 1933, F. US.

profits under the already existing rate. " (49)

Failure to approve the bill brought the matter up again in 1930. The seventy-first Congress, the first regular session, found Congress with the chief task of revising the system of the tariffs. The depreciation of currency by other countries was making it necessary. The sugar bill action may be seen from the following quotation:

"The duty on sugar, which had formed one of the most persistent subjects of Senate controversy, was finally settled on March 5, by a vote of 47 to 39. This vote was in consideration of action taken January 16, on which date, by 48 to 38, it had been voted to leave duties of the Fordney-MeCumber Act unchanged. The action of March 5 raised the duty on Cuban sugar to 2 cents a pound, from 1.76 cents, and that on other foreign sugar to 2.50 cents a pound, from 2.20." (50)

On June 18 the tariff bill became effective after approval by both houses and the President.

The financial condition of Puerto Rico depends greatly on the tariff, having developed the sugar industry to an extend where it would bring ruin to the Island if suddenly removed. That is the danger of the tariff. It is good that the American farmer profits by \$59,000,000 annually, because this hinders its removal.

⁽⁴⁹⁾ Dodd, Mead & Co., New International Year Book, 1929 P. 819

⁽⁵⁰⁾ Ibid, 1930, PP. 773-774

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⁽⁴⁹⁾ Dodd, Meed & Co., New Internation 1 Year sock, 1923

⁵⁰⁾ IDLA, 1930, BP. 777-774

BANKING AND CREDIT FACILITIES

"Of the various factors connected with the banking process, by all odds the most important is the pursuance of a sound lending and investment policy by the
banks themselves. "Moreover, a sound lending and investment policy must be concerned with liquidity as well
as with safety and yield." (51)

In 1850 Puerto Rico had its first bank. The London Colonial Bank opened at San Juan, but after three years closed again. A second bank was organized shortly after, but disaster overcame it. Next came the Sociedad Anonima de Credito Mercantil, which soon became deeply enrooted, and was financing the majority of business in the Island. A later organization of this bank transformed it into the Banco Comercial de Puerto Rico. The development of banking in Puerto Rico which followed may be pictured from the following table, taken from Clark and Associates, Porto Rico and its Problems, Page 376.

GROWTH OF COMMERCIAL BANKING IN PORTO RICO

Balance Sheet Items	1898	1918	1929
Resources: Cash Loans & dis. Other	\$6,283,464	31,946,875	87,424,216
	1,772,822	6,009,762	5,094,640
	2,805,682	17,553,443	64,928,148
	1,704,960	8,383,670	17,401,428
Liabilities: Aggregate Dep. Cap. & Surplus Other	6,283,464	31,946,875	87,424,216
	1,838,783	26,427,135	59,150,075
	1,053,165	3,449,308	11,020,843
	3,391,516	2,070,432	17,253,298

⁽⁵¹⁾Bradford, Banking, P. 489.

'Of the various factors commeted with the limits and the puring process, by all ending and investment policy by the
banks themselves. Horsever, a sound lending and investment policy must be concerned with liquidity a well

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DOIN OTHOR IS TALLWAY LABORESHOO TO STROAD

87,456,626	31,946,878	2,983,884	Resources:
5,094,640	6,009,768	1,772,822	Cash
54,056,145	17,853,443	2,505,682	Loans & dls.
17,401,486	8,385,690	1,704,980	Other
87,424,818	21,946,975	6,865,484	Magnegate Lep. Cap. & Surplus Other
89,180,075	86,487,135	1,885,785	
11,080,843	7,449,308	1,985,185	
17,855,208	2,070,658	8,591,516	

⁽⁵¹⁾Bradford, Fanidan, F. 489.

Since 1929, banking in Puerto Rico, like in all countries has gone through trying periods. From a Consolidated Report of Banks (52) and Trust Companies in operation in Puerto Rico at the close of business June 30, 1933, there are a total of fifteen financial institutions on the Island. The combined resources of these banks totals \$52,132,604,38. The reduction in resources is understood considering the hurricanes Puerto Rico has been through and the heavy withdrawals which consequently followed.

Because they are prominent from a financial and economic view point, three events deserve to be mentioned, the closing of the Banco Teritorial Agricola on September 28, 1932, the National Bank Holiday proclaimed by the President of the United States on March 6 which was extended to Puerto Rico, and the opening of the Banco de Puerto Rico on May 15, 1933.

BANKS

There are both foreign anddomestic banks in Puerto Rico. The Bank of Nova Scotia (53) has a branch in San Juan and Fajardo. The Royal Bank of Canada (54) has branches in San Juan and other towns of the Island The National City Bank of Jew York (55) has branches in San

⁽⁵²⁾ Consolidated Report of Banks, copy obtained from Nat. City Bank. June 30, 1933.

⁽⁵³⁾ One Hundred and Second Annual Report by the Bank of Nova Scotia, December 30, 1933.

⁽⁵⁴⁾ Ibid.

⁽⁵⁵⁾ Report of James H. Perkins, Chairman of the Board of Directors at One-Hundred Twenty-second Annual Meeting of Shareholders, January 9, 1934

since 1929, wanting in Thorte Bloo, like in all in

country has more through in the best of the day of the sin solidated Report of Bents (52) and Trust Companies in oneration in Fuerto Rico at the close of best manual June 30, 1935, there are a total of fifteen financial institutions on the Island. The combined resources of these sanks totals to single single that the hurricanes has to resources in the best withdrawals which consequently followed.

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⁽⁵²⁾ domaolidated hagort of Sanks, copy obtained from Met. City Benk. June 50, 1933.

⁽⁵³⁾ One Mondred and Second Annual Record by the sent of Nove Scotle, December 50, 1953.

⁽⁵⁶⁾ Lendyt of James H. Printes. Obelives of the Borel of Soling Directors at One-Hundred Swenty-about bonnies as the Bones, James v. 1984

Juan , Arecibo, Bayamon, Caguas, Mayaquez, Ponce, and
Santurce. The financial backing given to these institutions by the parent banks make them sound and stable
organizations. These three banks handle the greatest percentage of the business transactions of the Island. The Island has several small native banks and two American Trust
Companies of little importance. The latest additions is
the Banco de Puerto Rico, which has taken over the Banco
Comercial de Puerto Rico for liquidation.

Because of the heavy losses suffered by the Island is a consequence of the hurricane that ripped its way across the northern half of the Puerto Rico during the nights of September 26-27, 1932 (locally known as "San Ciprian"), withdrawals from banks were heavy. At the close of 1933 the following banks were in receivership (56) Banco Industrial de Puerto Rico, San Juan, Banco de Yabucoa, Yabucoa; Rivas Comercial Bank, Ponce; Banco de Economias del Pueblo, Ponce; and Banco Territorial y Agricula, San Juan. The Banco Comercial, in receivership ship previously is not included in this list because the Banco de Puerto Rico undertook its liquidation.

Unfortunately there are no saving banks in Puerto Rico separately organized as such. The commercial banks have however savings departments. A postal savings system

⁽⁵⁶⁾ Thirty-third Annual Report of the Gov. of Puerto Rico, Hon James R. Beverly, 1933. P. 21.

Juan , Aredibo, Lyamon, Cagues, Thysbues, Fonce, and Santurce. The financial backing given to these institutions by the parent banks make them sound and stable organizations. These three banks made whe createst percentage of the cusinger transactions of the Island. The island has several small native banks and the American Trust the Pance de Fuerto Mico, which has taken over the Banco de Fuerto Mico, which has taken over the Banco Comercial de Fuerto Mico, which has taken over the Banco.

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Hico separately organized as such. The commercial beaks
have however savings departments. A postal savings system

⁽⁵⁶⁾ Thirty-third Annual Report of the Cov. of Fuerto

is in existence, but has not drawn many depositors. This

Postal Savings system should be extended to all parts of
the Island, placing weight on the contention that promotion
of individual drift among the masses is essential. The

Puerto Rican must learn to save.

TRUST COMPANIES

Not until 1925, was any provision made by the laws to provide for trust companies. In September of 1928 operations were begun by the first trust company in Puerto Rico, the American Colonial Bank and Trust Company. It functions in the city of San Juan, and in June 30, 1933 it reported total resources of \$253.531.23 (57), having started with \$150,579 as total resources.

Later The Trust Company of Puerto Rico, at San

Juan was organized. Its total resources as of June 30, 1933

were \$1000, a fact which is very significant in showing that

it takes very little capital to start a bank in Puerto Rico.

The limited resources are a weakness that should be corrected.

NEED FOR TRUST COMPANIES

The importance of trust companies in Puerto Rico may be indicated by the fact that on June 30, 1933, saving bank deposits were \$8,895,709,91 and of these, three banks had around 75 per cent, or \$6,642.616.93. (58)

⁽⁵⁷⁾ Consolidated Report of Banks and Trust Companies in Operation in Puerto Rico, copy made by National City Bank.

⁽⁵⁸⁾ Ibid. Liabilities as of June 30, 1933, Act.No. 18 September 10, 1923.

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NEED FOR THUST COMPANIES

The importance of thust contended in Duerto Elso may be indicated by the lest that on June 50, 1255, saving bank deposite were 58,895,709,91 and of these, three conks had around 75 per cent, or \$5,642.616.95. (58)

⁽⁵⁷⁾ Consolidated Report of Denis and Prust Companies in Operation in Puerto Floo, opp. made by Sational Olty Bank.

⁽⁵⁸⁾ Inid. Lightlites as of June 30, 1885, Act.No. 18 September 10, 1926.

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These savings accounts by clearing house agreement draw interest at 3 percent or less, and are of sufficient proportions to be invested at better rates.

Private individuals show a tendency to invest money in mortgages. This movement has increased in proportion and is remunerative as interest rates of 8 to 14 per cent are charged. The form in which the lender and the borrower get together is very unsatisfactory. The prospective borrower lets his friends know of his desire to borrow, and his intentions of placing a mortgage on his house or other property. His friends know of a person who desires to invest ready cash he has available. Proposals are made, and if they agree, the transaction takes place.

The many inconveniences made the procedure uneconomic. There is difficulty in determining the available money to be invested. The borrowers, however careful
they may be in their search for a lender, have to disclose
their need for money, and this affects their credit standing. Collections are also inconvenient. It is therefore
obvious that adequate investment agencies need to be established.

BANKING RESULATIONS

Organization: -- Five or more people, under full legal capacity, may organize a bank. (59) An authorized capital stock of \$10,000 is the minimum, of which at least

⁽⁵⁹⁾ Act Regulating Banks and Banking in Puerto Rico and Fixing the Powers of the Treasurer of Puerto Rico.

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finish proportions to be invested at better rates.

Trivate individuels show a tendency to invest money incontigenes. This new ment has indreved in proportion and is remunerably as I terest rates of 8 to 14 portion and is remunerably as I terest rates of 8 to 14 portion and are charged. The form in which the lander and the bornower get regimer is very unsatisfectory. The organism pective bornower lets his friends know of his deales to bornow, and his intentions of riscing a mortgage on his nower on other friends know of a rereon who desires

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SEVERACISTA OFIZZIAC

Organization: -- Five or more people, ander full legal depotity, may organize a bank. (68) An subjectived can tal account of 10.800 is the minimum, of which at least

⁽⁵⁹⁾ Act Herelsting Danks and Sanking in Purcto Hon-

\$3,000 must be paid in before the bank opens for business. Those that have an authorized capital of \$100,000 or over, must pay in 25 per cent before opening for business. The charter must be approved by the Executive Council and the Governor, and they in turn have the authority to require amendments of articles of incorporations. Share holders are not held for double liability. A surplus fund of 50 per cent of the amount paid in capital is required, to be accrued from at least 10 per cent of the annual profits. The amount required having been reached, further surplus fund is optional.

The one particular regulation on continental or foreign banks wishing to establish a bank on the Island is that the parent corporation must be operating in the place of its incorporation.

RESERVE REQUIREMENTS

The legal reserve against current liabilities is 20 per cent of demand liabilities. The reserve against these deposits payable is not larger than 3 days after demand, and is composed of 6.33 per cent of cash (American money is the currency used in Puerto Rico), 3.67 per cent as upper limit of checks on banks or trust companies on the Island, and the rest may be deposits in other banks.

POWERS

The banks have much the same powers as banks in the United States have. They may buy, sell discounts, and transfer bills of exchange, drafts and other credit papers.

Those that have an authorized casist of 110,000 are over, those that have an authorized casist of 110,000 are over, must pay in 25 per cent before opening for business. The charter must be approved by the Executive Council and the Governor, and they in turn have the suthority to recuive second and downless of incornorations. Share bolders erea not held for double liability. A surplus fund of 50 per cent of the smount paid in capital is required, to be scarued from at less to per cent at least to per cent of the samuel profits. The smount required baylas been reached, further surplus fund is optional.

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The legal reserve against oursent limilities is deposited these serve sering these deposits payable is not larger than 5 days after demain, and is camposed of 6.53 per dent of cabb (Ampricas nobey is the carrendy used in Fuerth Hoo), 3.67 per dent as upper limit of checks on banks or thust companies on the laland, and the rest may be deposits in other banks.

PONUES

the United States have much the same powers as to benign the the United States have one of the United States of exceeding a drafts and other oredit paners.

They make loans to the industries, practically financing the sugar industry. These loans are not to be for more than 6 months. From Exhibit No. 1% may be seen the close relation between bank deposits and exports from Puerto Rico by months. They have moved in harmony. (60) They may buy local or continental bonds, issue mortgage bonds secured by real property, yet may not hold this type of property for investment.

They are not permitted to issue notes and are independent for the Federal Reserve System.

INSPECTION

The Insular Treasurer has supervision over the banks. An examiner may be sent at any time, and if the bank is unsound, it may be placed in state of liquidation or in the hands of receivers.

CRITICISM

The fact that a bank may commence to operate with as little as \$3,000 is the major fault with banking in Puerto Rico. Such a low requirement permits the establishing of any number of small banks that cannot possibly maintain a sound financial standing, unless in the hands of excellent bankers, and no good banker will work in a bank that has but \$3,000. The Trust companies deserve the same criticism. The minimum capital should be raised to

⁽⁶⁰⁾ Exhibit made from data supplied by Exhibit No. 33 of Thirty-third Annual Report of the Gov. of P. R. 1933.

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They make loans to the industries, practically illesting the curar industry. These loans are not to be for more than 6 months. From Dalibit No. 18. May be seen the close relation between bank deposits and exports from Puerto Mico by months. They mave moved in harmony. (60) They may buy local or continental bonds, icaus mertgage bonds secured by real property, yet may not hold this type of property for investment.

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They are not permitted to issue notes and are independent . of the Federal deserve System.

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VETOLLING

The fact that a bank may commence to operate with as little as \$3,000 is the major fault with banking in sucrto face. Such a low requir ment permits the cannot possibly tablishing of any number of small banks the cannot possibly maintain a sound financial standing, unless in the hands of excellent bankers, and no good banker will work in a bank that has but \$5,000. The Trusteposmanies deserve the same oriticism. The minimum capital should be raised to

⁽⁶⁰⁾ Exhibit wade from data supplied by inhibit No. 53 of

insure protection to the people of Puerto Rico. Furthermore, no provision is available by which banks may meet
sudden demands for cash. A bank in perfectly sound financial condition may easily be forced to close, not having
any connection with the Federal Reserve System by which to
rediscount commercial paper of good quality. The Government of Puerto Rico found it necessary to make added deposits in most of the local banks to assist them in attaining a strong cash position when during this depression they
suffered heavy withdrawals. Why not make Puerto Rico a new
Federal Reserve District? It would be a district in miniature, and one that would add financial strength to the banking of the Island.

The people of Puerto Rico have long asked for the establishment of an Insular Bank. Preferable to this would be a Central Bank that would belong to the Federal Reserve System. It is not my purpose to deal with the soundness of the F. R. S., which if compared to that of Qanada where not one single failure is on record for many years, would come in for much criticism, but it is my desire to show that by having a Central Bank, the control would be facilitated, simplified, made more economical and sound.

A PLAN

The proposal the author suggests is therefore a Central Bank. It could be called Banco Central de Puerto Rico. This bank would serve as clearing house for all the

Insure crossories of a system of sucret also deep any clast move, no converted of a system of the desired of a second for a sile of the converted of any consecution with the federal fencers dystem by which to say consecuted with the federal fencers dystem by which to rediscount commencial paper of rood quality. The foverestion of form of a second of any to make added defence for the state of the federal bears to desire the state of the state o

The people of Fadric, too have long asked for the satablishment of an Idealay Land. Fraferable to this would be a Central Bank that sould belong to the Federal sake that sould belong to the Federal sake of the F. H. S., which if compared to that of Janears, would one stands failure is on record for many years, would one in for much criticism, but it is ay desire to show that by having a Central Bank, the control sound.

A PLAN

The proposal the author sungests is therefore a Central Bonk. It could be called Banco Central to Fuerto

member banks of the system. It would rediscount eligible paper for member banks, and serve as a source of supply for eash to member banks when they need it. These would be the important characteristics, with special emphasis on the last one. What has happened in Puerto Rico during 1932 and 1933 is ample evidence. "The amount of actual cash on hand (U. S. paper currency, gold, silver, and fractional coin) on June 30, 1933, was \$4,827,759.92, as against \$2,633,978.75 on June 30, 1932, or an increase of \$2,193,781.17. This remarkable increase is explained by the fact that during the last few months all the banks have bent every effort to place themselves in a strong cash position which will permit them to face any unexpected demand of the depositors, and also by the fact that the foreign banks in the Island have received from their home offices additional cash reserves which they are holding in their vaults ready for any contingencies." (61)

Merely the thought that the branches of foreign banks in Puerto Rico have the backing of another bank, a parent institution, has a psychological effect on the people that engenders confidence. The Royal Bank of Canada, The National City Bank and the Bank of Nova Scotia, all three foreign branches, have by far many more depositors than all other banks combined.

A Central Bank, besides actually rendering tangible valuable services, would create that psychological effect

^{(61) 33}rd Annual Report of the Gov. of P. R., 1933, P. 24

that engendeus confidence. The Royal Bank of Cabada, The other bender combined.

Sand annual Report of the Gov. of P. H., 1935, P. 24

needed. That the people have repeatedly asked for an Insular Bank proves it. An increase in deposits in native banks would follow.

ISSUE OF CURRENCY

Whether the Central Bank should or not be allowed to issue currency comes in for much discussion. It may be allowed to operate fully as a Federal Reserve Bank. If the latter, it will naturally have the right to issue paper money. There is no reason to believe this would be unsound in Puerto Rico. My only objection is that politicians may exert pressure and undermine its soundness. This fear is however eliminated if the supervision of the Federal Reserve System is had. This, we know, would be the case if the Central Bank joined the system, as such supervision is strict in the Federal Reserve System. Native bankers should be allowed to run the bank. The Bank itself should be a private institution, and the directors resident citizens.

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PART V

POLITICAL CONDITIONS

In 1920 there were only two parties in the Island, the Unionist and the Republican parties. The Socialist party was beginning to develop under the leadership of Santiago Iglesia, a Spaniard, the present Resident Commissioner to Washington.

The Republican party favored a closer union with the United States, and ultimately statehood. The Unionist party had for platform complete independence. The conservative element was to be found in the Republican party as a rule, while the other had more liberal tendencies.

Santiago Iglesia was appealing to the workers, to the masses, telling about the oppression exerted on them by the plantation owners, and the big and powerful Americans and native centrales executives.

The Unionist party was in control for about ten years. In the year 1924 they finally relinquished their stronghold. Their power was being challenged by the Socialist party. This party had rapidly grown and was by 1924 a strong contender.

Mr. Antonio Barcelo, leader of the Unionist party, realized that the governmental control of his party was being endangered, due to the development of the Socialist party. He could not reconcile himself to relinquish this power, and to present it, he searched for a method by which

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to protect the party and keep the leadership in politics. He thought it could be done by an alliance between the Republican and the Unionist parties, the two formerly bitter enemies. He reached an agreement with Mr. Tous Soto, head of the Republican party by which a merger resulted of both parties, and a new party was organized, Partido Aliancista.

In the mean time, perhaps due to the influence of Mr. Tous Soto, Mr. Barcelo was becoming more conservative and the Unionist party abandoned its former platforms for a new one, one that desired for Puerto Rico a status of autonomy, more self government by the people of Puerto Rico, yet under the American flag, and in the future as the ultimate solution either statehood or independence.

There was a substantial group of the old Republican party which did not agree with this alliance and under Mr. Martinez Nadal formed a party known as the Pure Republican Party. They kept their former platform of pure and absolute statehood. No other alternative or compromise satisfied them. This party kept the majority of the old Republicans while Mr. Tous Soto was followed only by a handful of voters.

Simultaneously, there was a very small group of the Unionist party which was also dissatisfied with the alliance and refused to follow Mr. Antonio Barcelo. They organized a new party, the Nationalist Party. Their platform

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was to absolute independence, and they alleged that Mr.

Barcelo had betrayed the old Unionist party when he made

thealliance. However, this group was limited in number, the

majority supporting Mr. Antonio Barcelo.

We find therefore, that in 1924, there were four parties: The Socialist party, which had gone through this critical evolution without degenerating, and which had a great number of adherents amongst the working class, the "Alianze Puertoriquena", the Pure Republicans, and the Nationist party.

The Alianza was victorious at the polls and the same alinement continued until 1928. In this voting year, the Pure Republicans and the Socialists went into a huddle, and made an agreement for electoral purposes. However, each party maintained its separate identity. This new agreement was called "Coalición Republicana."

The "Alianza" party had a small majority, and remained in control. However, while in power, Mr. Barcelo became dissatisfied with the "Alianza" as a result of a disagreement with the leaders of the Republican side of the union. He left the party, and the majority of his old Unionist adherents followed him, while a number of the old Unionist Party leaders remain with the "Alianza". Due to this rupture in the ranks of the "Alianza" there was a shift in the control of both legislative houses, the Senate and the House of Representatives. The "Alianza" was at the time in control.

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Now the Tous Soto Republicans and the Unionist leaders which had remained inthe alianza reached an accord with the "Coalicion Republicans", of Socialist and Pure Republicans, and brought about a reorganization of the legislative houses. As a result of this agreement, they managed to obtain a majority in both houses, and the Barcelo Unionists were left out entirely. The new political losses elected Mr. Luis Sanchez Morales, president of the Senate.

In 1932, Mr. Barcelo strengthened the "Liberal Party" which was substantially the Unionist party with the previous complete independence platform. The "Alianza" then again merged with the Pure Republicans and the new party was called "Union Republicana" and this new "Union Republicana" party went again into an agreement with the Socialist Party for electoral purposes.

For 1932, therefore, we again find four parties ready to go to the polls. They were the Liberal Party, under Mr. Barcelo, the "Union Republicana", the Socialist Party, and the Nationalist Party, under the vigorous leadershop of avery able politican, Mr. Albiza Campos.

The Nationalist Party, although it had few voters, pandwith substantially the same platform as the Liberals, had refused to join them.

In the election of 1932, the coalition of the Union Republicans and the Socialist party was able to obtain the majority of the seats in both houses, although the "Liberal" party had an actual popular majority over

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either one of them separately. The Liberals had 174,000 votes, as against 90,000 by the Socialists and 110,000 by Republicans. As a result we have the peculiar condition by which the party with actual popular majority of votes does not control the house.

The President of the Senate and the President of the House of Representatives belong to the Union Republicans. They are Mr. Martinez Nadal and Mr. Garcia Mendez respectively. The Socialist leader, Mr. Santiago Iglesia was elected Resident Commissioner to Washington.

This confused political alinement is still prevalent today.

Going over the political history of Puerto Rico, we therefore find numberous complications, frequent changes of identity, mergers of parties, political agreements, which have been due more to political conveniences, and personal vanity of the leaders than to real conflicts in principles. This has resulted in an overlooking of the real economic problems which confront the Puerto Rican masses. Politics in Puerto Rico is not a matter of principle or true conviction, but a question of political manipulations of those whose main consideration is the preservation of power.

The strike of the students attending the University of Puerto Rico is significant in showing how politics are in chaotic conditions. Ex-Governor Gore appointed

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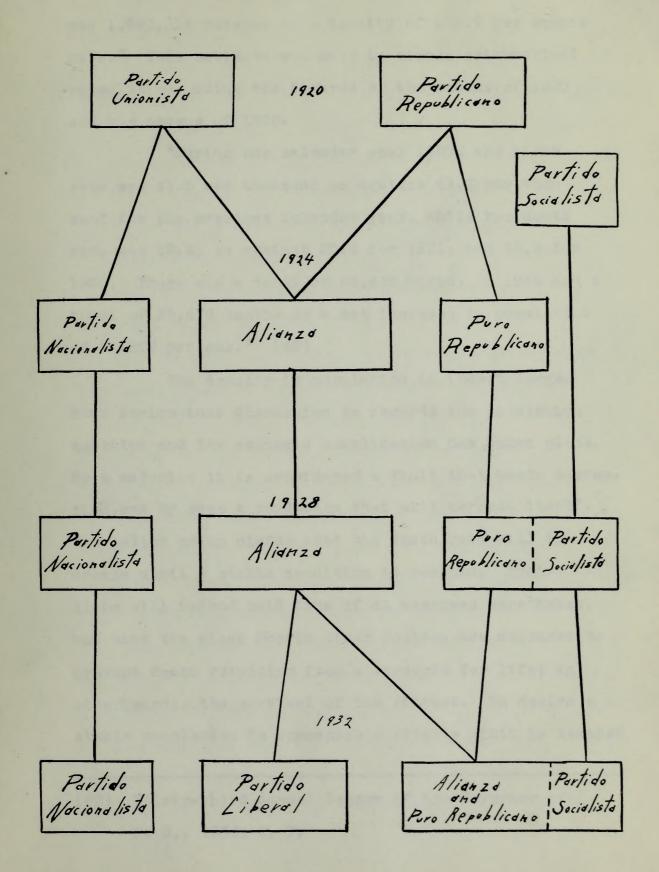
The strike of the states attending the Univeralty of Paerto atao is significant in showing how dolitics are in chaotic conditions. Ex-dovernor Gore appointed Mr. Rafael Alonso Torres, Socialist leader, as trustee to the "Junta de Sindicos de la Universidal de Puerto Rico." The student body objected, and since no action was taken they went out on a strike. They claimed that Mr. Torres was not academically prepared for such a position, and that a scholarly executive position of the nature should not be made another governmental seat where a political leader of the majority party may wait for a pay check. That Governor Gore had to leave the Island is in part traceable to this incident. The usual procedure followed. He became sick and returned to the United States.

Shortly after his resigning, General Blanton Winship was appointed Governor. He is at the moment fulfilling his duties in the Island. His first move for the protection of Puerto Rico was to voice his objection to the classification of Puerto Rico given by the Costiga-Jones proposal, which classified Puerto Rico as a foreign country.

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Evolution of Political Parties in Puerto Rico



SOCIAL CONDITIONS

"The estimated population as of July 1, 1933, was 1,623,814 persons or a density of 472.7 per square mile." This estimate was made by simple arithmetical calculations using the figures of the census of 1920 and the census of 1930.

"During the calendar year 1932, the birth rate was 41.5 per thousand as against 41.7 per thousand for the previous calendar year, while the death rate was 22.3, as against 20.4 for 1931, and 18.6 for 1930. There was a total of 66,432 births in 1932 and a total of 35,610 deaths or a net increase in population of 30,822 persons." (62)

The density in population is indeed large.

Much acrimonious discussion as regards the population question and its economic complication has taken place. By a majority it is considered a fault that needs correction, and by some a condition that will correct itself. The latter group claims that the death rate will increase until a stable condition is reached. Their claim will indeed hold true if no measures were taken, but what the wiser Puerto Rican desires are measures to prevent death resulting from a struggle for life; in other words, the survival of the fittest. To desire a stable opoulation is commendable after a limit is reached

⁽⁶²⁾ Thirty-third Annual Report of the Governor of P. R., 1933, P. 7.

"The estimated population as of July 1, 1933, was 1,623,814 persons or a density of 472.7 per square mile." This estimate was made by simple arithmetical calculations using the figures of the census of 1920 and the census of 1930.

"During the calender year 1952, the birth rate was 41.5 per thousand as egainst 41.7 per thousand for the previous calender year, while the death rate was 22.5, as against 20.4 for 1931, and 18.6 for 1950. There was a total of 55,452 births in 1952 and a total of 55,610 deaths or a net increase in copulation of 50,822 persons." (82)

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where reasonable comfort and wealth is the possession of all, but to allow it to result because of a lack of the necessities of life is stupid.

Because it is agreed that the population density of Puerto Rico is too high, measures have been proposed to correct the conditions. Birth control has some adherents. The first difficulty that arises is the ethics of the proposal. The people of Puerto Rico being in a majority Catholics, it may be seen that the proposal finds little favor. Legislation was sought to legalize and encourage birth control, but the indignation of the people made any such measure impossible. Emigration is a second proposal for solving the excessive population problem. Already there have been large scale emigrations financed to Hawaii, Arizona and Oklahoma, but they have proved a failure from the point of view of the Puerto Ricans. Sooner or later it has been necessary to raise funds for the repatriation of these unfortunate emigrants. The emigration would be always encouraged by some concern in need of labor. They would make beautiful offers of pay, assistance in establishing a home, and numerous other advantages. No sooner had the emigrants reached their destination than their dreams would begin to be forever forgotten. As a rule, they would have to work ten to twelve hours a day, pay would be miserable and sanitary conditions abominable. Surely it was preferable to stay in Puerto Rico than to suffer these cruelties away from your home. It could not be

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said, as the emigration promoters usually claim that the trouble was that the Puerto Rican laborers were too lazy. Hawaii knows that no other worker is more industrious, judging from those who went there in the past.

The latest emigration proposal came from Florida. The experience from former emigration has however made the Puerto Rican careful. At the time the proposal was made, Mr. R. Gore was Governoe of the Island. He comes from the state of Florida. In the month of January 1923, the newspaper "La Prensa", published a series of articles attacking any such emigration. Disregarding their mention of many unfortunate incidents in which Latin Americans were abused, and which the author does not believe should be considered the rule, they had two strong arguments against the suggestion. First, Florida has little fertile soil and would only offer the emigrants lots of land that will not produce and secondly, the people of Florida look down on Latin Americans, more so if there is negro blood in the person. It is also mentioned that the emigrants will be made to work in the proposed sanitation of the Everglades. This should not be taken, in my belief, as a disadvantage, for work is what they need. In my opinion, the "La Prensa" is taking the wrong point of view in the matter.

However, neither of the above proposals entirely

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tion. Emigration can be encouraged, but if a party should go to Florida, the government should take the matter into its hands to be sure that the emigrants receive a fair deal. Decency demands this regulation, and economy makes it wise for, later, funds will be necessary to repatriate the emigrants. However, even if emigration, with proper regulation, should prove satisfactory, it would not be sufficient to reduce the population of Puerto Rico to a sphere where a sensible standard of living may be had by all.

Looking at the statistics, we find that in 1929
the number of births registered was 52,468; in 1930
54,574; 1932, 66,432. The birth rate is increasing rapidly. Discounting the deaths from the births of 1932,
we have an increase of 30,822 persons, and the death rate
has hardly increased. Therefore, should the increase in population remain stable at around 30,000 annually, I do not
believe it possible to form emigration parties to take
care of it and stabilize population. Furthermore, if
stabilized, this will not raise the standard of living
of those left in Puerto Rico.

What Puerto Rico needs is industries, Sources of revenue that will improve the standard of living, and Factories that will give work to the Puerto Ricans.

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of revenue that will improve the standard of living, was pactories that will give work to the Fuerto Micana.

Puerto Rico has the labor, and has the possibilities for industries; sugar refineries, cotton mills, clay molding, gasoline refining, cigarettes and cigar manufacturing, fruit canning and fruit growing, are only a few of the possibilities. Bend every effort in this development. A higher standard of living usually brings a smaller birth rate, and a lower rate, in turn, permits a higher standard of living. The United States is far from reaching a density of population comparable to that of Puerto Rico and yet, reports are that by 1940, the population will cease to increase and remain stable at about 133,000,000 persons. Why? Because the standard of living is higher. The psychology of the question does not matter, it is the effect which I notice, and what in turn deserves consideration relative to Puerto Rico. Attempts to correct the population problem in Puerto Rico by other methods than by improving the standard of living will only be partial; it will belike closing a faucet of water that threatens to fill the room with water, and yet allow others to remain open.

WAGES

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It has been seen that Puerto Rico suffers from over population. What makes this assertion plausible is that standards of living are low. We therefore come to

GREAM

It has been seen that Fuerto Rico suffers from over population. What wakes this assertion plausible is that standards of living are low. We therefore come to

the question of wages. As an average, wages in Puerto Rico are higher than in Cuba and several other countries. However, this fact should not mislead us. Cost of living is higher in Puerto Rico.

The efforts of the N R A to raise its prices in the United States have had a marked effect in Puerto Rico. Since most of the merchandise imported by Puerto Rico is imported from the United States, the island is forced to pay higher prices, and yet, the wages of the islander are low. A maid's wage is \$10.00 or less a month. Should she get \$10.00, she has to clothe herself and often support a family. She, however, is fortunate, for she has room and board given to her.

Wages prevailing in the building trade are higher. In San Juan, a master receives from \$2,50 to \$7.77 a day, masons \$1.50 to \$4.33; carpenters, \$1.25 to \$4.00; painters, \$1.50 to \$3.60; electricians, \$2.00 to \$5.00; plumbers, \$2.00 to \$5.00; and helpers, \$.83 to \$1.17.

Labor does not go on strike for the excitement of it; it has a reason for doing so, and that reason is usually wages. To understand, therefore, the labor conditions, what would be better than to review the strikes of labor during 1932 and 1933?

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STRIKES

In the sugar cane industry during 1932 and 1933 (63) there were 19 strikes; 8 in the tobacco industry; and 9 in needlework. The total industrial strikes for one year totalled 46. When 46 strikes take place in one year, surely there must be a reason.

REHABILITATION

There is an organization in Puerto Rico that is doing extensive rehabilitation work. The people call it "La Rehabilitadora," its official name being "Administracion de Axilio de Emergencia." The organization began to function in August of 1933. At its head is Mr. James R. Bourne. Within this organization, we find Luis Pales Matos in charge of the Public Works. To supply work to the appalling number of unemployed in the Island, construction of the following municipal roads has been undertaken:

TOWN	NAME OF ROAD	LENGTH IN Kilos	APPROPRIATION
Vieques Humacao	Puerto Diablo Anton Ruiz	4	\$30,240.00
Ceiba	Rio Abajo	4	28,750.00
Aguas Buenas	Jagueyes	5	22,334:00
Comerio	Paloma	4	50,516.00
San Lorenzo	Florida	2	14,099.00

There are appropriations for other roads which have not as yet been started.

The Administration gave the Department of Health \$126,000.00 to combat "malaria." This amount is to be

⁽⁶³⁾ Ibid - page 73

BUDGETTE.

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COLUMNIA

There is an organization in fuerto Mico that is doing extensive rehabilitation work. The people call it "is Rehabilitadors," its official name being "Administration de Axilio de Emergencia." The organization began to function in August of 1935. At its head is Mr. James M. Bourne. Within this organization, we find lake Fales Matos in charge of the Public Works. To supply work to the appaint of the Public Works. To supply work to the appainting number of ememployed in the Island, construction of the following municipal roads has been undertaken:

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28,750.00 28,750.00 22,334.00 50,516.00			Vieques Humacao Ceiba Aguas Evenas Comerio San Lorenzo

There are appropriations for other roads which

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The Administration gave the Department of Sealth

augmented as the occasion arises. The efforts of the Department of Health are centered around the zones of Vega Baja, Toa Alto, Hatillo, San Juan, Rio Piedras, Catano, Fajardo, Naguabo, Guayama, San Germain, Mayaquez, Salinas, and Santa Isabel, where, a ccording to health statistics, health conditions need more assistance. The malaria germs concentrate in those areas where humidity is greatest. To destroy these pools of contamination, water outlets are being dug.

Swamps are being filled, and drainage systems installed. These will not only improve the sanitary conditions of the Island, but will furnish employment to thousands.

Sewing work is also being done by the Red Cross; 308,000 yards of cloth were made to distribute among the poor. Over 4,000 women are employed in this task, being paid \$1.00 per day. To obtain a wider distribution of this money, no laborer is allowed to earn over \$3.00 per week.

Food distribution also comes in for commendable mention. Three pounds of foodstuff is being given to every family of from one to four members, and six pounds if the family has five or more members.

One enterprise undertaken by the organization that may prove extremely valuable for the Island is the

sugmented as the occusion arises. The efforts of the Department of Mealth are centered around the romes of Vega Haja, Tos Alto, Attillo, Can Juan, Alo Fiedras, Ostano, Fajardo, Maruebo, Musyama, Esn Germain, Meremez, Salinas, and Senta Isabel, where, a scording to health statistics, health conditions need more scatstance. The malaris germs concentrate in those areas where hamidity is greatest. To destroy these pools of contamination, water outlets are being dug.

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One enterprise undertaken by the organization that may prove extremely valuable for the Island in the

analysis of the soil in search for possible mineral deposits. The technicians claim to have already found rich deposits of magnesium near Juana Diaz sufficiently promising to be mined on a large scale. It would surely help Puerto Rico if it were found that it was rich in mineral deposits.

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rich deposits of magnesium near Juana Diss sufficiently
promising to be mined on a large scale. It would surely
inelp Fuerto Rico if it were found that it was rich in
mineral deposits.

PART VI

CONCLUSION

It is impossible to deny that Puerto Rico needs reorganization. The Island had huge profits when the boom period was on, but now that it has been caught in the whirlpool of depression, the mistakes stand our more vividly and the people are more willing to reason.

The conetntion of many Puerto Ricans is that sugar is doing harm to the Island, because it has such tyrannic control over its destiny and it drives other crops out of existence. They contend Puerto Rico should dimish its production.

control the sugar industry as long as it brings large profits. That it may drive out other crops does not make it a monster, for precisely the fact that it displaces other crops shows that it brings greater margin of profit and that is indeed to be desired. The industry does not take all the creage of the Island anyway. There is room for many other crops and I agree Puerto Rico is in dire need of them. Other industries that diversify, that may be intercropped, that will stabilize the Island's income and balance seasonal unemployment are necessary.

The sugar industry is developed to a degree far beyond that which it could maintain on a profitable basis

IV THAT

MOISTED

It is impossible to dear that Frento Mice profits

needs reorganization. The latend had interpretate
when the boom period was on, but now that it has been
caught in the walrippol of dearession, the mistakes
stand our more vividly and the second are more willing
to respon.

The solution of many Pierto Ricens is that sugar is doing harm to the Island, because it has such tyrenals control over its destiny and it drives other crops out of existence. They accted Fuerto Rice should dimish its production.

It is futile in my belief to attempt to attempt to appear industry as long as it brings large profits. That it say drive out other arons does not make it a monater, for precisely the fact that it displaces other cross shows that it brings greater margin of profit and that is indeed to se desired. The industry does not take all the crosses of the latend sayery. There is room for many other cross and. I agree fust a fice is now for many other cross and industries that displaced of them. Other industries that diversify, that may be intercropped, that will stabilite the Island's income and Unitames seasonal unemployment are necessary.

The sugar Ludustry is developed to a degree at

if the sugar tariff were revised and either lowered or removed. Here lies the danger of the industry. What politics may do is difficult to predict. The present proposal before the legislature for a revision of the sugar tariff may mean ruin or assure protection for the Island. Here, therefore, we must admit the worth of diversification of industries in Puerto Rico. They would be a life saver to Puerto Rico should it be left without the sugar tariff protection, and again would supply employment to many who are in extreme need of it.

I do not wish to be misunderstood. It is not my contention that other industries are recommended even if they are profitless, merely because they help employment and would help to stabilize the Island's income. They need to be profit bearing enterprises to warrant existence. Many of them have already been proven to be financially successful and others that are in process of organization or reorganization show promise. An engineering feat that is being considered is the construction of a dry dock by Fundicion Abarca. I assure satisfactory profits from it if the plan comes true, and I have reason to believe it will.

The over population problem in Puerto Rico is one that at the moment is most commented upon. Already have I given my criticism on the matter while directly referring to the problem, but I wish to reemphasize that

if the anger teriff were revised and either lowered or removed. Here lies the denger of the industry. When politics may do is difficult an oredier. The oresent proposal before the legislature for a revision of the sugger teriff may make ruln or sample profection for the lalend. Here, therefore, we must edmit the worth of diversification of industries in Fuerto him. They diversification of industries in Fuerto him. They had be a life saver to merto fice should it be left without the sugger teriff protection, and scalar mould supply amployment to many who are in extreme

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The ever nopulation appoint in Ruerto Aloo is one that at the morest is most commented upon. Already have I given my oriticism on the matter while directly referring to the problem, but I wish to resmphasize that

emigration. Industrialization will however bring relief.

A higher standard of living will in turn bring about a smaller birth rate. It is said there is overproduction of wheat when the market is not able to absorb the supply, when the demand plus ability to buy are insufficient.

Over-population is that stage of density of persons to the square mile where the sources of revenue are insufficient to take care of all adequately. Puerto Rico is over-populated in proportion to its present income, but if this income is improved, the phrase will not hold true. It should be then clear that what needs to be accomplished is to increase the Islands' income and create a standard of living that will automatically regulate population.

Further criticism on the Puerto Rico economic conditions may be made in reference to taxes. They are too high, and the government expenditures extravagant.

We find at present two schools of reasoning as to how to come out of a depression. One recommends economy, the other increases in expenditures. Needless tomention, the United States has followed the latter, while England as an example, has clung to the first theory. The author supports economy. We may come out of a depression by reckless expenditures, but I am sure the sounder theory is that which maintains expenditures within limits.

Puerto Rico is choking with debts, and yet the government is constantly in search of a new name to place on a

the condition will not be solved by wirth control or emigration. Industrialization will however bring relief. A higher standard of living will in turn brint about a smaller clutte rate. It is said there is over-coduction of wheat when the market is not able to absorb the sundy, when the demand plus shillty to buy are insufficient.

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Commission for which to make a new appropriation. It is high time a sounder policy was adopted.

Should the politicians find enjoyment in establishing commissions and boards, why don't they look into the banking situation and strengthen its basis? Banking in Puerto Rico is in no hectic period nor in extreme need for alteration, but surely could withstand a lot of improvement. The depression left sufficient proof to the fact. That a bank may start operation with only \$3,000 in the vaults in indeed something that calls for correction. To add strength to banking in Puerto Rico a Central Bank is recommended. The matter was discussed in detail previously.

Other criticisms of secondary importance have been made directly after dealing with a problem in the thesis. To avoid excessive repetition I will not discuss them again.

As a final word, it should be mentioned that Mrs. Franklin D. Roosevelt is in Puerto Rico at present (March 1934) on an inspection trip. Her visit will center the eyes of the world on the Island. She will no doubt report to Mr. Franklin D. Roosevelt, and I am quite sure that it will result in monetary remittances for further rehabilitation work on the Island. The profits the United States gets out of the Island warrant these remittances and many more.

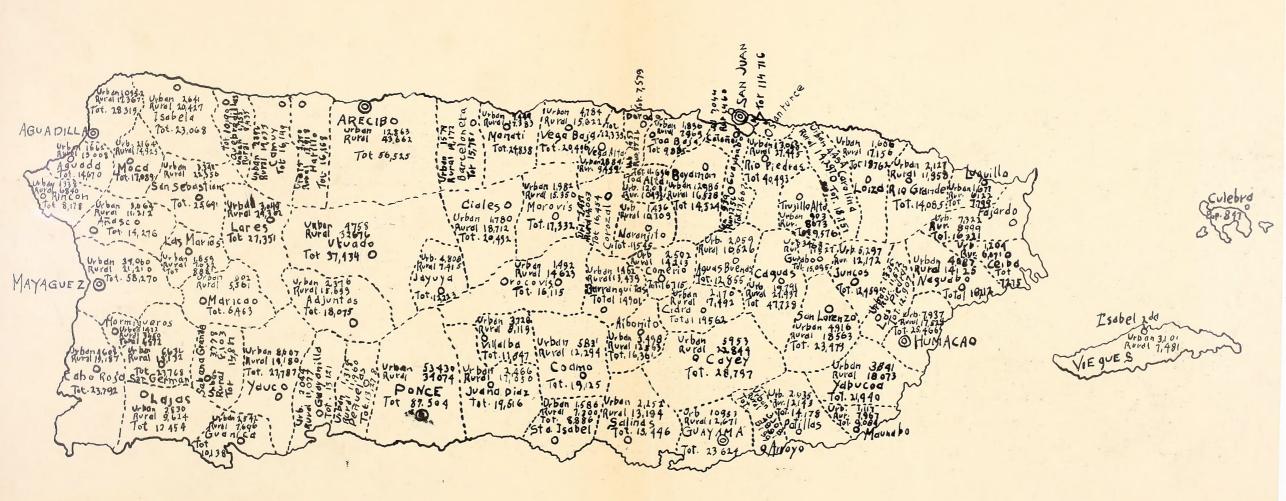
Cogmission for which to make a new appropriation. It is

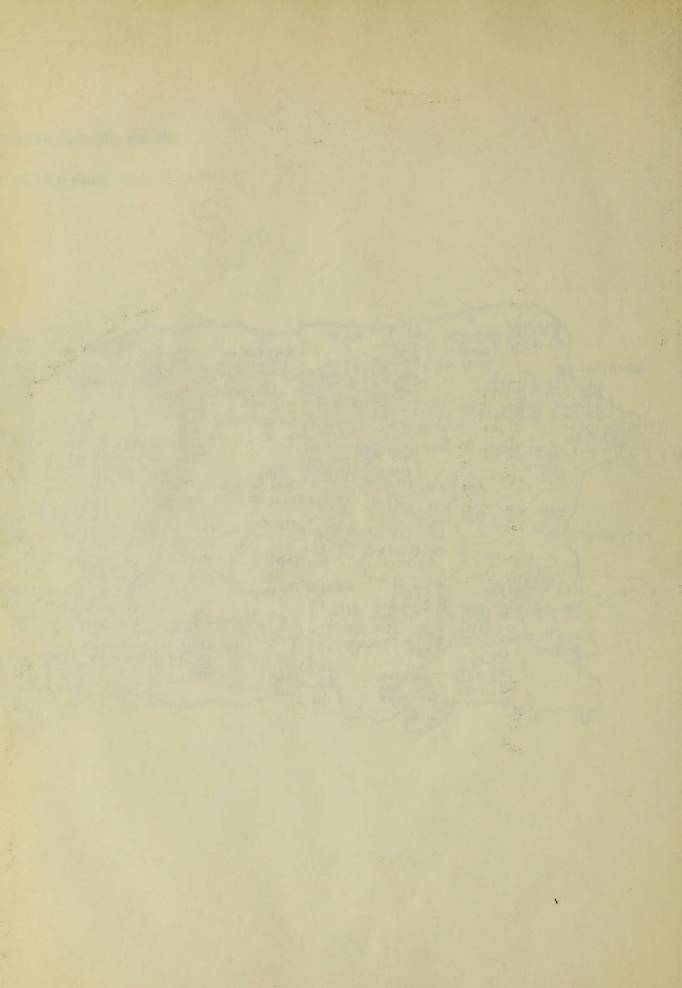
Should the politicists (ind endoyment in establishing commissions and boards, why don't they look into the banking adtuation and attemption its basis? Canking in Puerto hise is in no beath period on in extreme need for alteration, but surely could withstend a lot of improvement. The depression left sufficient proof to the fact. The depression left sufficient proof to the fact. The tenant may start sometime that calls for correction. To and arrenant sometime that calls for correction. To and sarenate to be banking that calls for correction. To and sarenate to bentleft metter was discussed in detail previously.

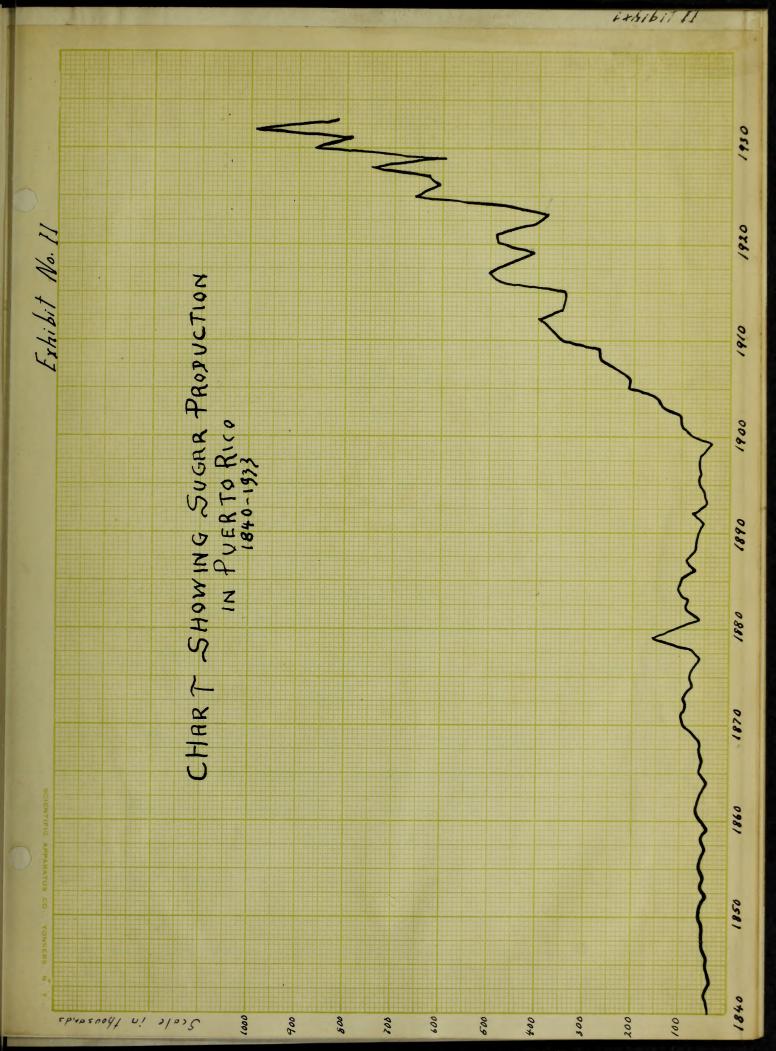
heve been made directly after dealing with a problem in the threis. To evoid excessive repetition I will not discuss them exits.

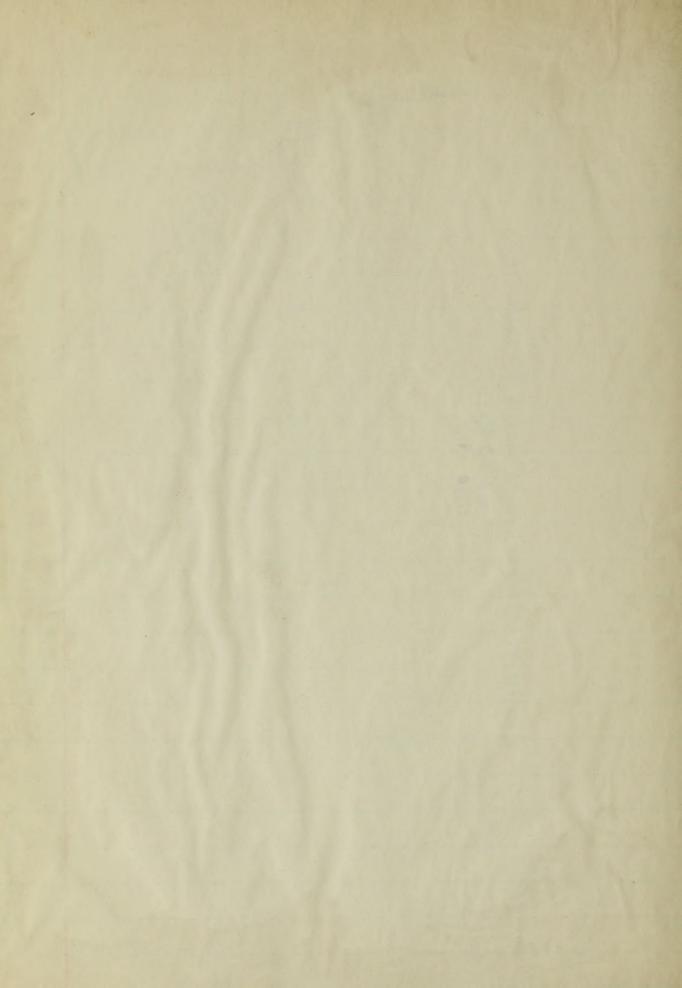
As a final word, it should be mentioned that wis a figural to a freezent of a figural to a freezent (March 1854) on an ipancerion trin. Her visit will center the eyes of the world on the Island. She will no doubt remore to the Pranklia D. hoosevalt, and I am quite oure that it will result in annetery remistances for forther remainification work on the Island. The profits the United States gote out of the Island warrant these remittances and many more.

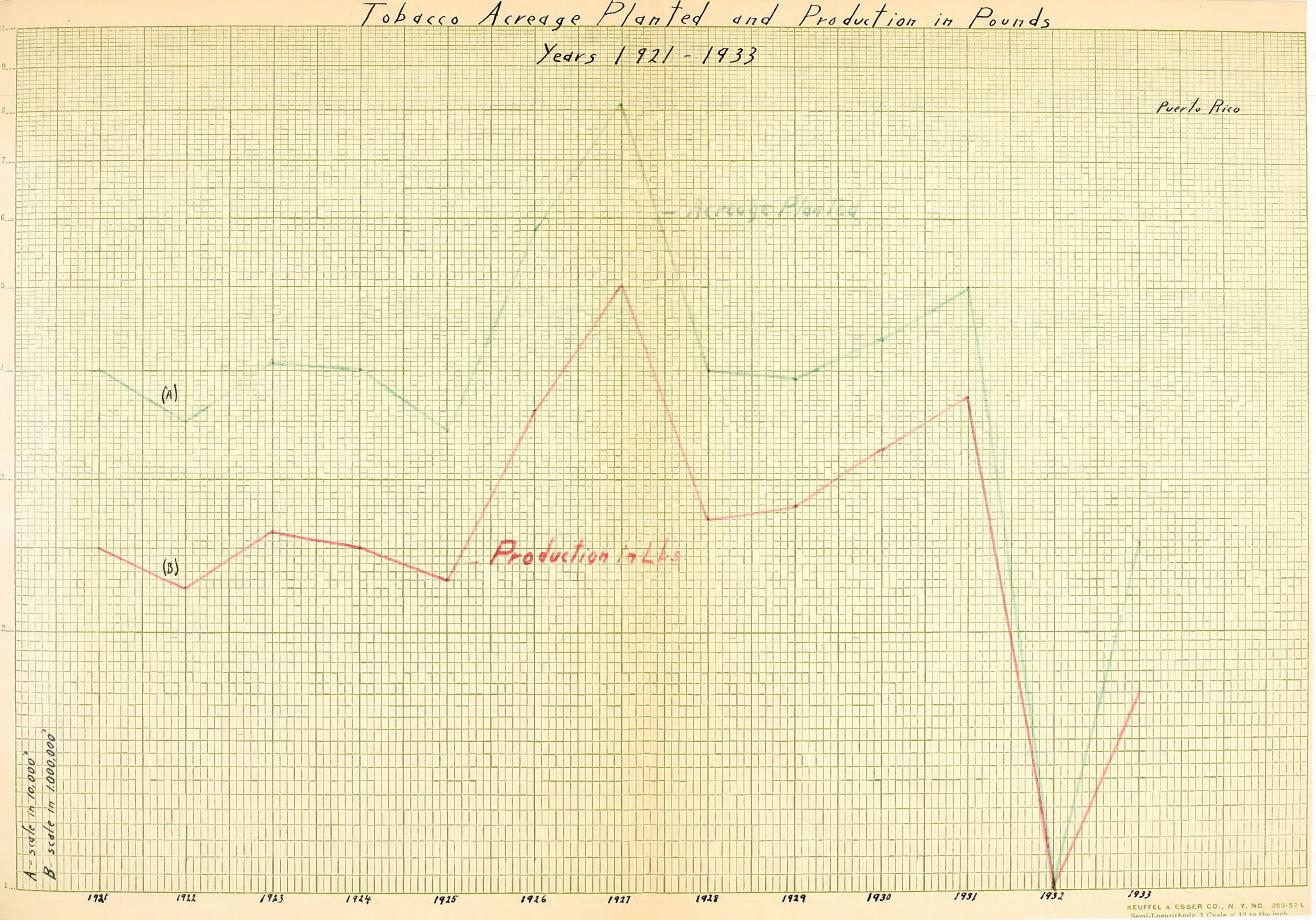
MAP SHOWING URBAN AND RURAL POPULATION OF PUERTO RICO BY MUNICIPALITIES (CENSUS OF 1830)

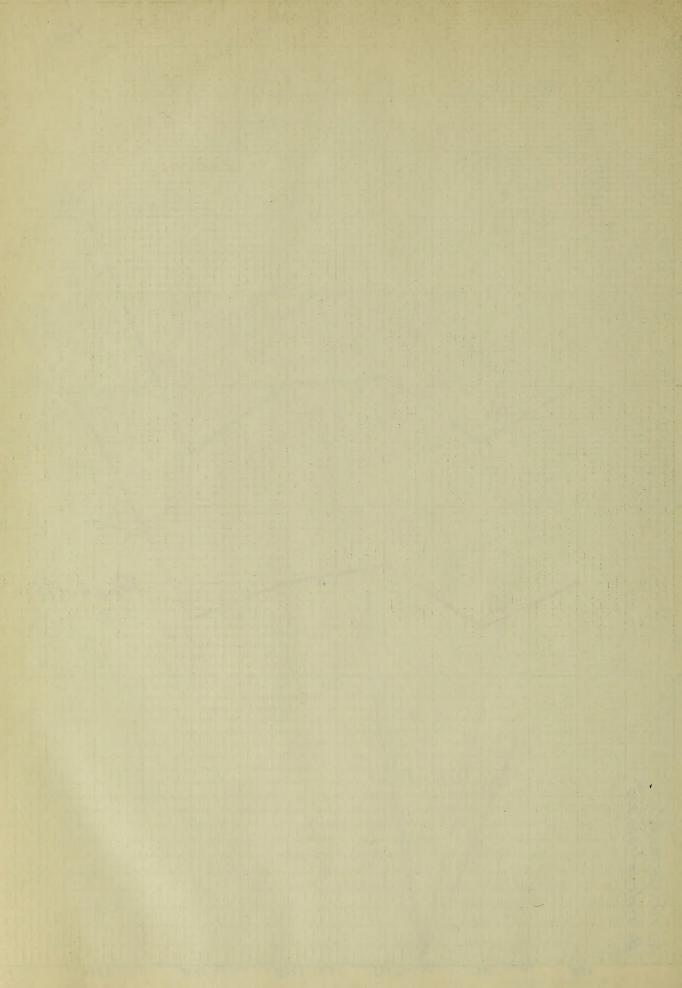














COFFEE SEEDS BEDS

1.	Coffee seed beds -Puerto Rico Hurricane Relief Commission.	
	(a) Number of seed beds pending distribution of	3'
	June 30, 1932 (b) Total number of seedlings from these beds	3
9	distributed during this year2,24 Puerto Rican Hurricane Relief Commission's coffee	5,700
۵.	seed beds during year:	
	(a) Number of seed beds(b) Total area (acres)	24 13.15
	(c) Total number of seedlings from these seed	10.10
	beds distributed during the year 30 (d) Total number of seedlings that will be	1,000
	distributed after June 30, 19331,98	8,015
	(e) Number of nurseries made this year in farme er's plantations	405
	(1) Number of seedlings in same1,88	0,400
3.	Total area of land that can be covered with the seedling distributed during the year (acres) 3,5	45.16
4.	Other coffee seed beds made during the year:	
	(a) Number of seed beds made by the farmers in which this Bureau has not participated	
	directly	163
	(1) Number of seedlings in same6,03' (b) Number of seedlings made by the personnel	7,000
	of the Bureau and considered as services	200
	in farms(1) Total number of seedlings in samel,30	37 2,125
5.	Total area of land that can be covered in the	
00	beds made by the personnel of this Bureau and	
	with those made by farmers individually in (acres)5,50	08.00
		00.00
1.	COFFEE PRUNING Number of services in renewal pruning	27
	(a) Total area that will cover these services	
2.	(acres) Total area of renewal pruning in coffee farms	28.65
	not considered services (acres)	1,060
٥.	Number of services in pruning by the Colombia System	20
	(a) Total area of these services (acres)	12.30
	COFFEE MODEL PLANTINGS	
1.	Number of demonstrations in model planting with methods of cultivation (erosion control)	14
		15.75

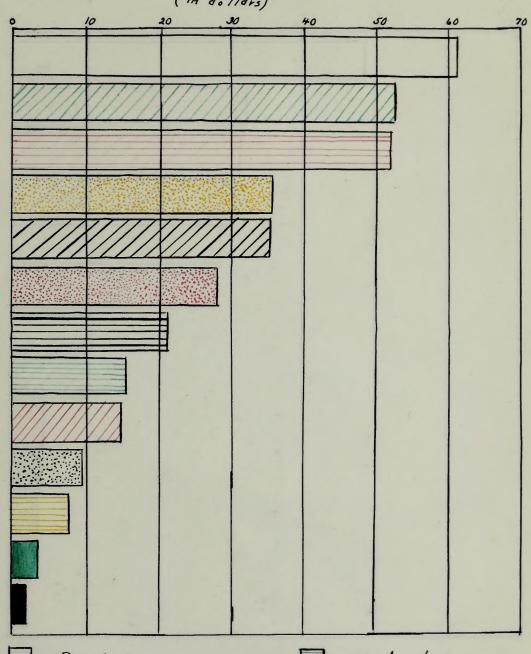
Copied from Thirty-third Annual Report of the Governor of Puerto Rico, 1933, p. 114.

COFFEE SEEDS BEDS

1. Coffee seed beds - Fuerto Rico Hurricane helief	
Commission	
(a) Number of seed beds pending distribution of	
June 30, 19323	
(b) Total number of seedlings from these beds	
distributed during this year2,245,700	
2. Puerto Rican Hurricane Relief Commission's coffee	Š
seed beds during year:	
(a) Number of seed beds24	
(b) Total area (acres)	
(c) Total number of seedlings from these seed	
beds distributed during the year 301,000	
(d) Total number of seedlings that will be distributed after June 30, 19321,988,015	
(e) Number of nurseries made this year in farme	
er's plantations	
(1) Number of seedlings in same1,880,400	
. Total area of land that can be covered with the	3
seedling distributed during the year (acres) 3.545.16	
. Other coffee seed beds made during the year:	
(a) Number of seed beds made by the farmers in	
which this Eureau has not participated	
831tiberetly	
(1) Number of seedlings in same6,037,000	
(b) Number of seedlings made by the personnel	
of the Bureau and considered as services	
in farms————————————————————————————————————	
(1) Total number of seedlings in samel, 302,125 of Total area of land that can be covered in the	
coffee zone with seedlings produced in seed	
beds made by the personnel of this Bureau and	- 1
with those made by farmers individually in	
(acres) 5,508.00	
COFFEE PRUNDING	
. Number of services in renewal pruning 27	I
(a) Total area that will dover these services	
28.65	·
. Total area of renewal pruning in coffee farms	3
not considered services (acres) 1,060 Number of services in pruning by the Colombia	2
System	-
(a) Total area of these services (acres) 42.30	
COFFEE MODEL PLANTINGS	
. Number of demonstrations in model planting with	1
• Mumber of demonstrations in model planting with methods of cultivation (erosion control) 14	
(a) Total area in demonstration (acres) 45.75	

Copied from Thirty-third Annual Report of the Governor of Fuerto Aico, 1988, p. 114.

Distribution of Puchases From the United States by Puerto Rico and Latin American Republics for the Year - 1931 (000,000's omitted)



Puerto Rico

Argentina

Mexico

(uba

Central America

Brazil

Chile

Colombia

Venezueld

Uruguay

Peru

Ecuador

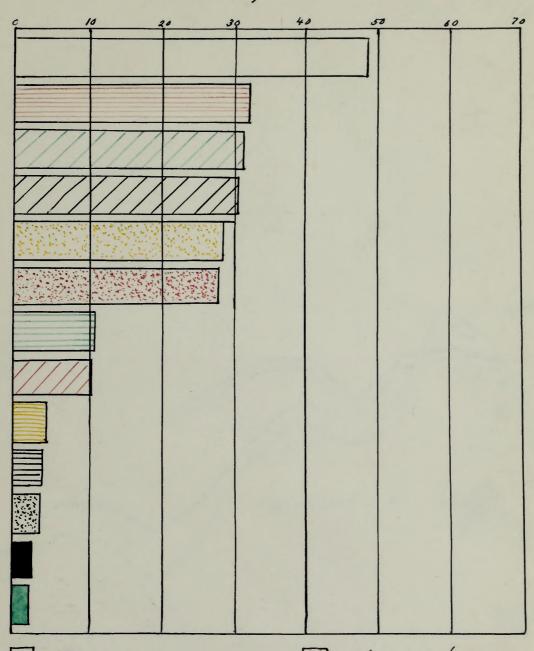
Bolivia

Distribution of Purchasing from the United States
by Puerto Rico and Latin American Republics for the

Year - 1932

(in dollars)

(000,000's omitted)



Puerto Rico

Mexico

Argentina

(Central America

Cuba

Brazi/

[Colombia

M Venezuela

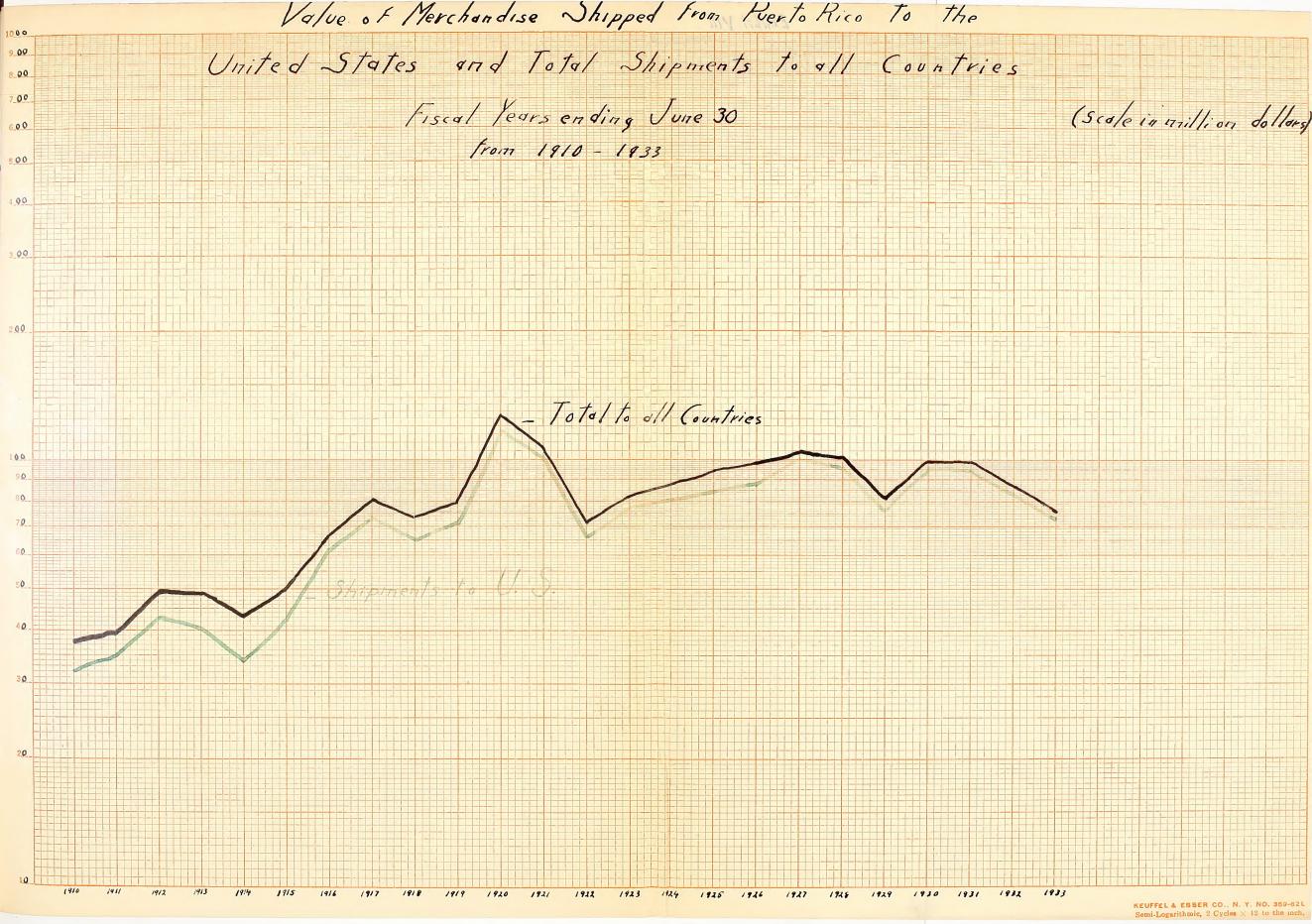
Peru

Chile

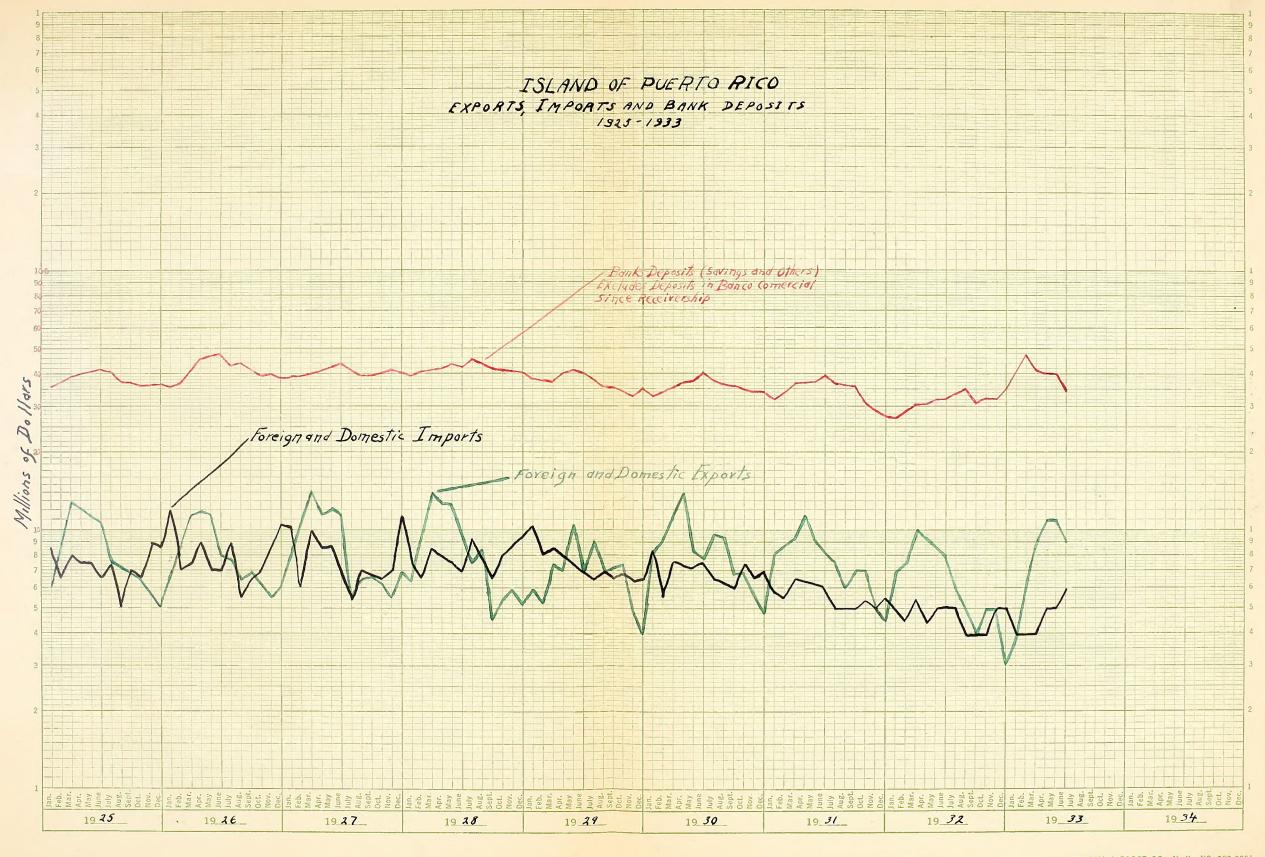
Uruguay

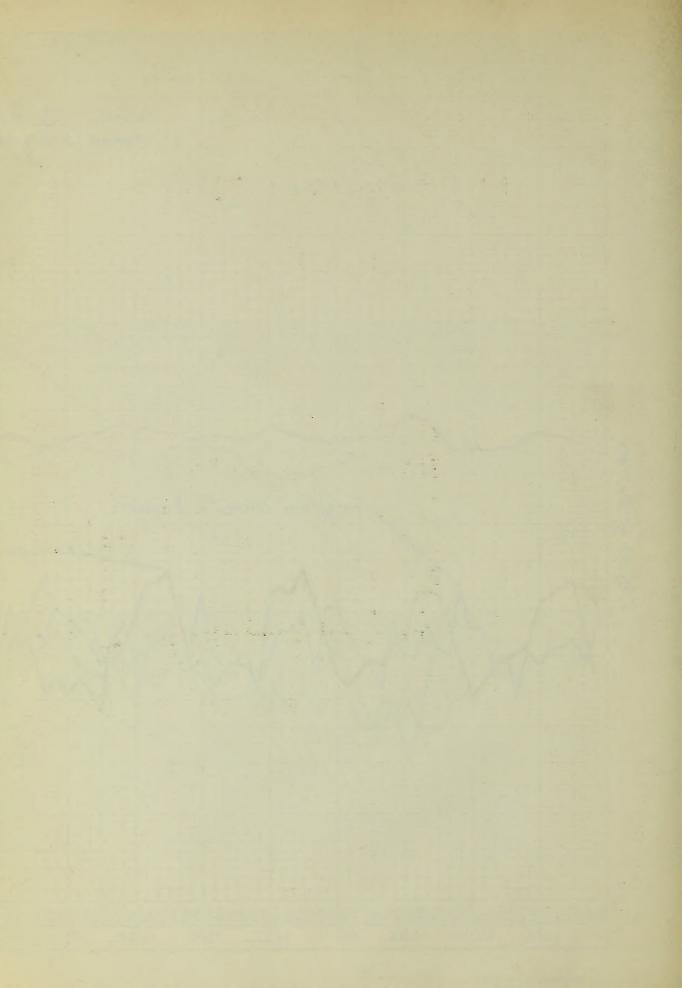
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Ecuador



Min manager to sole United of States and Total Fiscal Years ending 11000 1910 - 1 Lotald

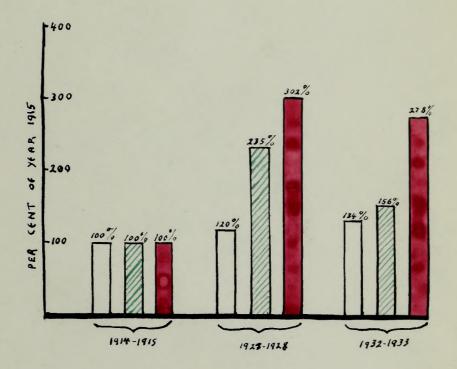




INSULAR GOVERMENT EXPENDITURES COMPARED WITH POPULATION AND VOLUME OF TRADE, TAKING 1915 AS BASE

Gort. Expenditures Volume of Trade

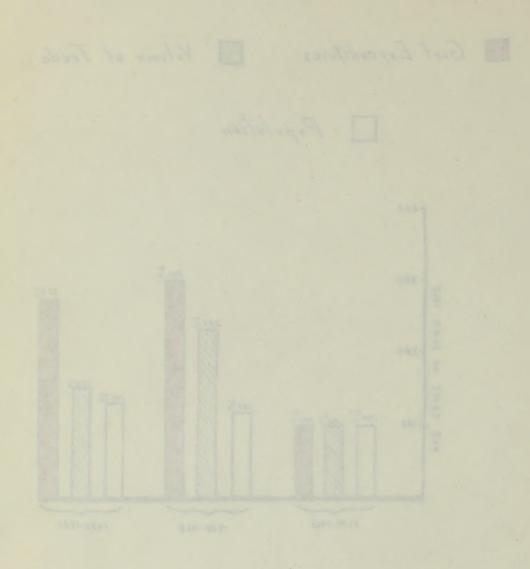
Population



1,454,000 195,877,068 26,398,277 1,623,814 130,152,166 24,335,233

Note: - Expenditures comprise both Insular Revenues and Trust Funds exclusive of repayments and transfers.

INSULATION AND VOLUME OF TRAIS, TAIGNG 1915 AS EASE



Population...... 1,800,916 1,454,000 1,683,814 Volume of Trade..... 83,241,000 195,877,068 130,152,108 Expenditures..... 8,754,105 26,398,277 24,335,230

Note: Expenditures comprise both Insular Revenues and Trust Funds exclusive of repayments and transfers.



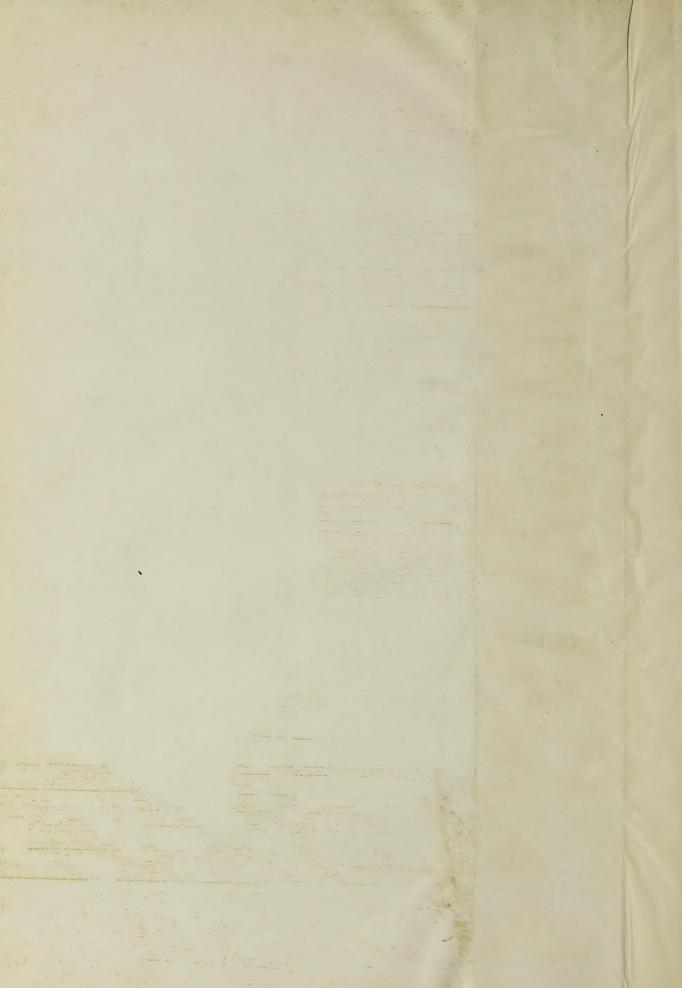
CONSOLIDATED REPORT OF BABES AND THUST COMPASIES IN OPERATION IN PUSHED RICO AT THE CLOSS OF BUSINESS JUBS 30, 1933.

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lture and Fixtures,			1 1		1 33.50 t	49, 236,00	13,823,56	3,700,00	15,019.53	1 3,304,93 (5,157.21	1,112,28	1 736,73		1	113,500,13
ral Expenses,	10,593,26	1,808,03	1 1		5,560,84	50,093,24 s		3, 410.66	1 14,963.76	:	9,085,24		1 374,75		[124,902.00
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LIABILITIES

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Savalus Pund		25,000,00 000 000 00 1	500,000,00 t	500,000,00	24, 330,00 1	TO* 000*00 I	42, 400,00	400 000000	. 401,000000					
Unilvided Profits,				19,325,82	1	5, 427, 49 1	B, 464.87 I	0,000,000	044 000400					
Dividends Unpaid,		603,80	257,00 1	265,00 :		663,40 #		303,02	1	[1 1	3,106,79	
		000,00								i t	1	1 1		
LIABILITIES TO THE PUBLIC:-	5 000 047 00 - 000 000 04 -	100 474 07 - 176 700 10	830,580,14 r	391,164,34	51 340.05 1	110.428.88 1	120, 959,38	40,542,24		. 3,140,33 r			10, 433, 830.70	
Individual Deposits Subject to Check: 1,983,534.73 :		153,434.97 175,290.18		361, 610,23	23 501 60	220, 170,000 1	200,000,000			100.00			844,063,06	
Time Curtification of Deposit, 245, 519,00 :						1,363.15	024.11	3 820.53		285,00			199, 342,43	
Dumand Carilficates of Daposit,		14,963,02		15,737.76	194400 1	1,000-10 1	1 000 00	1 577 41						
Cortified Checks, 42,951.33 :	94,136,18 15,626,12	24,663,65 1,195.85	34, 239, 87	92,920,05 (1,137,60 1	7,944,14 1	T 200 100 I	469.20	13,56					
Canking's Checks,		9,000.83 :		11,371.66 :	86,40 1	1		400.00	1 70,00					
Savings Deposite,		212,680,26 : 10,583,04 :	692,056,09	863,975,00 :	186,273.30 1	103,740,77 8	143, 937,73	11,309,86		1 10,007.00	11,000,000		0,000,120,00	
GOVERNMENT DEPOS TES : 1		1		1	1						*		450 404 93	
Humisipal Government Deposite (1) 2,088,02 :	97,200,31 1,698,92	76,415,34 : *** *** ***	133, 842,55 1	89,441,99 :	*** *** **	7,830,54 #	32,083,50 1	10,889,24		1 1		1	450,635.33	
Insular Government Deposite, ;		317, 483,23		490 751.93	000.00	1	W. 9002-00 B	39, 863,59			1	1 !	I De Comp Williams	
Puderal Government Deposits,					1	*** *** **				1 1		1 1	331, 900-94	
Due to Banks and Correspondents:	101, 40410 1 - 1-1											, ,		
	F10 000 00 . 100 007 40 .		38,440,96	0.264-57	1	23,591,51	183,53 :	1,858.07		!			1,000,204.06	
In Puerto Rico, 163, 209, 25 :	516,023.76 185,683.49													
In the United States, 55,915,36 :							1					1 0 000 00 1	O' word Tondan	
In Fereign Countries, 1, 225, 203.53 :			1 000 000 00 1	100 000 47		103 001 17						1	1,036,379.94	
Due to Brunches, 1,018,946.71 :	1 1													
PROFIT ACCOUNTS:-	1 1		- 1										5,000,00	
Bunk Bunkala, accommendation of a new see on p	63,00 : 1	2,087,65 *** *** ***			*** *** ** 1	1,057,83		5 000 70		759,54	253,88	1	277,762,30	
Interest Account, 24,672,00 1	24,681,86 1	45,798,69 , 697,23	1 145,844.74 r		B 038 04 1	19,038.69 8		5,000,70		0.56				
Exchange and Complesion Account, 10,969,77 :	3,183,67 1 1	3,977,37 : 80,26	0,128,33 1				*** *** ** [1,300,00		0,00				
Others,	8,00 10,249,34	3, 284,59 1	14,159,96 r		4,578,64 r	498,93 1					17 000 00			
Marigage Bonds lasted, ;		59,000,00		60,000,00 :	1	1		*** *** **		1 1	12000000		3,044,209,06	
Mills Payable,														
				5, 001, 45	*** *** ** 1	1								
Interest Payable Asserted, 7,785.33 :	45,849,66 1 1		-	:	1				22,980,76					
Taxes Accreed,					1					1 .20 r		1 1	60,88	
Cash Over Assount,	1,72 : 1		10,000	11					1	1 7	1			
Other Liabilities, (net included under s(3)		500,807,53	400 CAL CO .	905 197 19		256.63	6.670.70	343,00	22,097,57	1 525.35 r	83,507.76	1 1	3,467,588.30	
the femouter handlers)	125,443,20 213,018,60	500,807,53	1 953, 545,57 1	and, LOTART I										

⁽¹⁾ Includes Checking Accounts, Savings Accounts, Deposite Secured by Collateral and Time Cortificates of Deposit.
(2) Includes \$1,219,006.75 of Brafts Issued.
(2) Includes \$274,800.00 of bends borrowed.



BANCO DE PUERTO RICO

Opened for business May 15th. 1933

BANCO DE PUERTO RICO AJOITO

BALANCE DE SITUACION AL CIERRE DE OPERACIONES EL 30 DE SEPTIEMBRE DE 1933.

ACTIVO

PASIVO

PRESTAMOS Y DESCUENTOS	\$147,175.01	, 2	CAPITAL PAGADO	\$367,141.99
GASTOS ANTICIPADOS	2,211.86	- 19.	CUENTA DE BENEFICIOS	5.451.09
GASTOS GENERALES	2,965.00	- 131	DEPOSITOS	318,370.09
GASTOS DE ORGANIZACION	3,820.45	0		
OTROS ACTIVOS	4,439.54			
EFECTIVO EN CAJA \$90,097.52				
EN PODER DE BANCOS440,253.79	530,351.31			
	\$690,963.17			\$690,963.17

EL ESTADO PRECEDENTE DEMUESTRA UN ACTIVO DE \$690,963.17 CONTRA UN PASIVO DE DEPOSITOS ASCENDENTE A \$318,370.09 EXISTIENDO UN BALANCE EN EXCESO DE LOS DEPOSITOS DE \$372,593.08 INTEGRADO PRINCIPALMENTE POR EL CAPITAL PAGADO DE \$367,141.99. QUE REPRESENTA UN MARGEN ADICIONAL DE GARANTIA Y SEGURIDAD PARA NUESTROS DEPOSITANTES.

ESTE BANCO SE HA HECHO CARGO DEL ACTIVO Y PASIVO DEL BANCO COMERCIAL DE PUER-TO RICO SOLAMENTE PARA SU LIQUIDACION.

H. L. COCHRAN

VICE - PRESIDENTE Y GERENTE

PAGAMOS EL 3% EN EL DEPARTAMENTO DE AHORROS.

VENDEMOS CARTAS DE CREDITO Y CHEQUES DE VIAJEROS DEL AMERICAN EXPRES COMPANY.

BANCO DE FORNTO RICO

Opened for business May 15th. 1933

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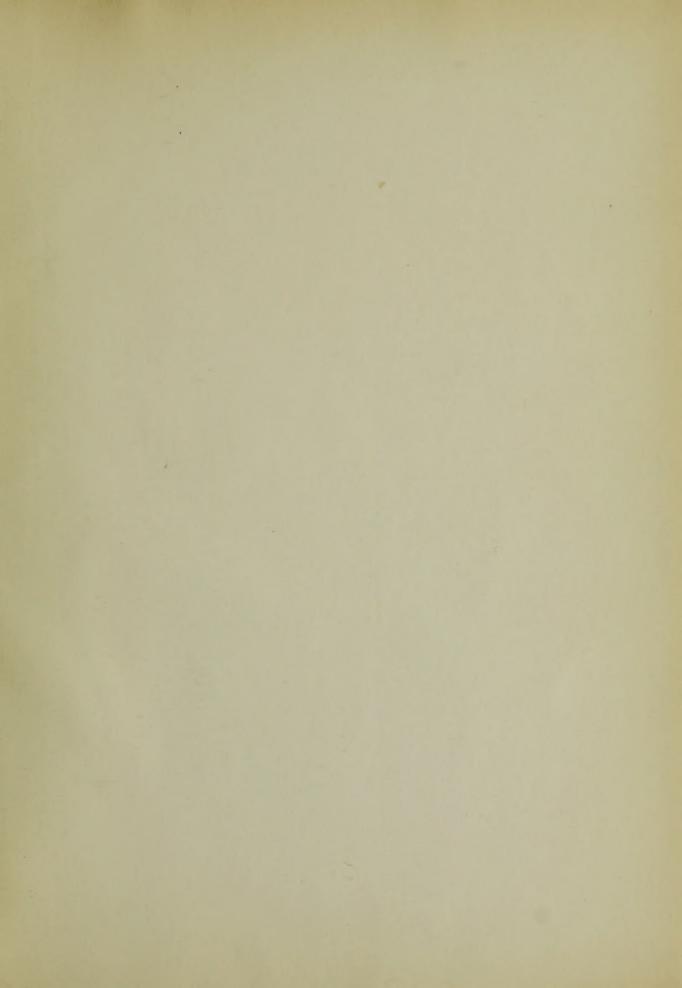
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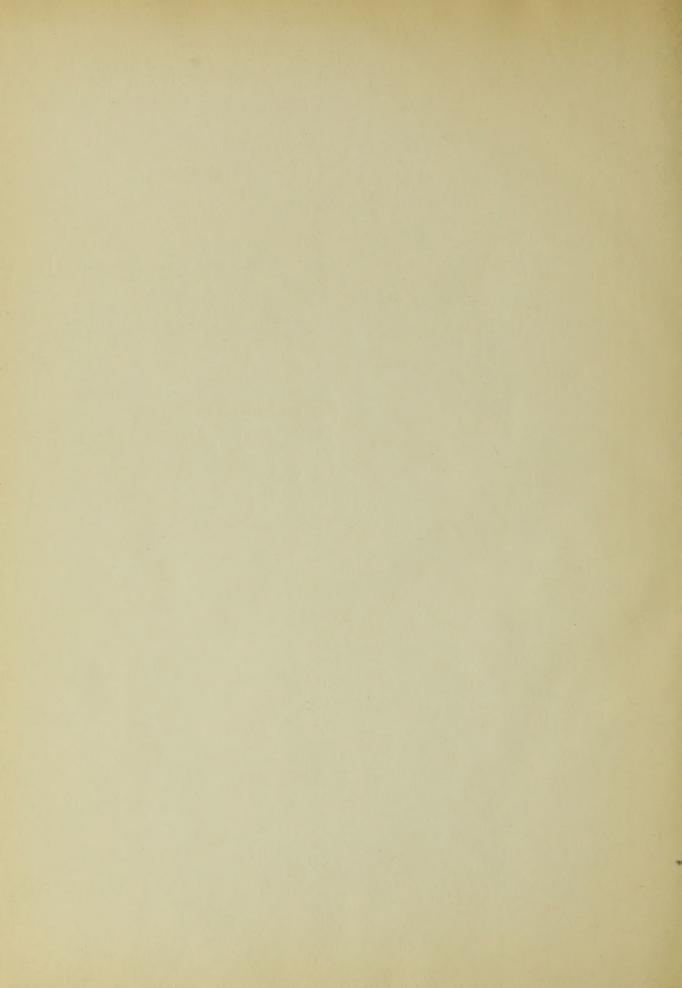
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